EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.31,076 © THE FINANCIAL TIMES LIMITED 1990

Friday February 16 1990

D 8523A

GERMANY
The D-Mark crosses the Wall
Page 16

World News

Moscow call for summit on united Germany

Work should begin immediately on preparing a 35-nation summit to provide guarantees that a united Germany would not threaten its neighbours and to codify the principle of free elections throughout Europe, Eduard Shevardnadze, Soviet Foreign Minister, said.

In testimony to Canadian MPs in Ottawa, Shevardnadze accepted the movement towards reunification, welcomed the creation of a single German currency, but warned of a Nazi revival. Page 3

Cocom accord near

The Western allies are close to agreement on relaxing controls on high technology exports to Warsaw Pact countries but still have to settle technical details. Page 18

Hong Kong Law

China underlined its determination to try to stamp out political dissent in Hong Kong when it pushed through amendments in the territory's proposed Basic Law which will outlaw subversion. Page 4

Mandela stays firm

Nelson Mandela, the released leader of the African National Congress, defended the ANC's policy of nationalisation in comments which may further unsettle South African financial markets. Page 4

Korean troop pledge

US Defence Secretary Richard Cheney called for a substantial increase in South Korea's contribution to the cost of stationing US forces on the Korean peninsula but said that any troop withdrawals would be on a gradual and limited basis. Page 4

Barco calls for unity

President Virgilio Barco of Colombia called for Latin American countries to form a united front in the fight against cocaine trafficking. Page 3

Prague split opens

Czechoslovakia will suffer disastrous consequences if it attempts to move too hastily towards a market economy, a leading professor said in a sign of differences within the government. Page 2

Hungary troops out

Hungary expects an accord within a month on the withdrawal of all Soviet troops from its territory, the foreign ministry's state secretary Ferenc Somogyi said.

Kosovo protests

A wave of protest continued in Yugoslavia's southern Kosovo province, where 29 people have died in riots over the past month.

33 seamen rescued

A helicopter rescued all 33 crew of an oil rig adrift in the North Sea before it ran aground off the Dutch coast just south of Rotterdam.

Message for Kabul

The UN Secretary General reproached Afghan leaders for failing to resolve differences in their nation.

Hackers convicted

Three West Germans were convicted of selling the Soviet Union information they got by hacking into Western military databases using a home computer and a telephone. Page 2

Protest at N-site

Bulgaria's communist authorities halted work on a nuclear power plant after people living near the site formed a human chain to protest against its construction.

Parkinson dies at 76

British photographer Norman Parkinson, known for his portraits of Britain's royal family and his quest to photograph the world's most beautiful women, died at a Singapore hospital, aged 76.

Business Summary

Hanson buys 45% stake in largest US coal producer

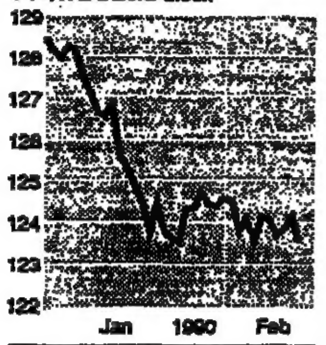
Hanson, UK holding company, has paid $504m for a 45.03 per cent stake in Peabody Holding Company, the largest US coal producer.

It is also negotiating to buy the remaining 54.97 per cent from Newmont Mining, the US company in which it acquired a 49 per cent interest when it took over Consolidated Gold Fields last year. Page 19; Lex, Page 18

MARKETS: THE UK gilts market showed renewed weakness with long-dated issues falling by more than a point. Traders blamed a lack of buying interest rather than heavy selling.

UK Gilts

FT-A All Stocks index



Page 24. Paris finished a volatile session higher, as Perrier rebounded. Tokyo investors were cheered by improved election prospects for the ruling Liberal Democratic Party. Back page, Section II.

NEWS Corporation reported equity-accounted interim profits reduced by almost half after heavy losses at Sky Television and in the Australian pilots' dispute. Page 19

BRITISH Petroleum predicted a substantial rise in oil prices by the mid-1990s as it announced an increase in its 1989 dividend. Page 19

YORKSHIRE Bank, small Leeds-based banking group sold to National Australia Bank this week, announced a 13 per cent rise in pre-tax profits. Page 8

WESTERN Mining, Australian mining company, suffered an unexpected fall in profits from its nickel and gold operations. Page 22

GENERAL Motors and Ford, the two leading US car companies, reported sharply lower profits, hit by the weak demand and intense competition in the North American car market. Page 19

ITALTRACTOR, Italian state-owned manufacturer of tractor and earthmoving machinery parts, will be privatized through a management buy-out. Page 20

BANK of Nova Scotia, has become the second bank to sue entrepreneur Robert Campeau for defaulting on a personal loan. Page 21

INTERNATIONAL Business Machines launched its range of high powered technical computers, or workstations targeting commercial users as much as scientists and engineers as customers for the new machines. Page 22

CANON, Japanese camera and office equipment manufactuer, reported a 21 per cent increase in annual pre-tax profits to Y52.7bn ($365m). Page 22

DAIMLER-BENZ has taken majority control of Fábrica Autotransportes Mexicana (FAMSA), the Mexican lorry manufacturer, having raised its stake from 49 per cent to 80 per cent. Page 3

FRANCE has agreed to wipe out FFr1.33bn (£138m) of official debt owed by Kenya. Page 4

GESTETNER HOLDINGS, UK office equipment group, said it would pay £90.6m for the non-US operations of Nashua's Office Systems Business (OSB). Page 8; Lex, Page 18

Soviet draft reform will lead to private property ownership

By Quentin Peel in Moscow

THE Soviet Government yesterday proposed a property law which would, in all but words, open the way for private property in the Communist state.

The proposal stops short of using the actual term "private property" but would put "individual" property ownership on the same legal basis as state, communal and co-operative property, and allow individual owners to hire labour.

It lays down a legal basis for the sale of shares in enterprises and for the ownership of the "means of production," as well as property ownership by foreign companies, joint ventures and foreign citizens.

It allows individuals and enterprises to buy and sell their properties, and to exploit them for economic advantage.

The draft says: "The owner has the right to do whatever he likes with his property, as long as this does not contradict the law. He may use his property for any economic or other purpose not prohibited by law. The owner may transfer his property rights to state organisations, enterprises, or other citizens."

Mr Leonid Abalkin, the deputy prime minister responsible for economic reform, said the words "private property" had been omitted because of the "negative attitude" of Soviet people towards the concept.

The main aim of the proposed law is to end the state monopoly on property and introduce different categories of property on an equal legal basis – including leasehold, co-operative property, joint stock companies, and individual ownership.

However, it still seems certain to set off a stormy debate in the Supreme Soviet, the national parliament, between diehard opponents of any hint of private property, and radical reformers who believe the draft still avoids the issue.

Mr Abalkin presented the draft after a national debate left the question of private property still in dispute.

"The most important thing is to give the same legal basis to all forms of property, including individual," Mr Abalkin told the parliament.

The draft law was the first to be presented to the new session of the Soviet parliament, underlining its importance in the programme of economic reforms put forward under Mr Mikhail Gorbachev.

The bill allows individuals ownership not only of houses, flats, cars and lorries, shares and other securities, but also "the means of production to engage in farming and other types of labour activities," driving another big hole in Marxist ideology.

However it leaves open the question of land ownership for a separate law, except for the ownership of private farming plots by collective farm workers, and "garden plots" by urban residents.

Mr Abalkin said the aim of the law was to be permissive, not restrictive. It did not attempt to define all forms of property, and "in this sense, the law remains open."

However it was still strongly criticised by reformers.

Mr Gavriil Popov, the leading economist in the radical Inter-Regional Group of deputies, said the exclusion of the words "private property" was a step backwards.

On the other hand, Professor Alexei Sergeyev, the leading economist of the conservatives in the Communist Party, said any attempt to introduce western property forms into the Soviet Union would revive 19th century capitalism.

Moslem riots force out Communist chiefs, Page 2; Party faces demise in Estonia, Page 2; Leningrad bans outsiders from shops, Page 2; Shevardnadze in Ottawa, Page 3

Sweden's minority Government quits after losing vote

By Robert Taylor in Stockholm

SWEDEN'S minority Social Democratic Government resigned last night after losing a crucial parliamentary vote on its proposed wage and price freeze by 153 votes to 190.

However, the prospect of an early general election appeared to have receded for the moment.

The Speaker of the Parliament is expected to consult political leaders over the next few days to see whether an alternative government can be formed within the existing Parliament.

But observers believe that the three main non-Socialist parties will not be able to establish a coalition and that the Speaker will have no alternative but to recall Prime Minister Ingvar Carlsson and ask him to try to form a new Social Democratic administration.

Such a government would then produce a fresh package of austerity measures, including sweeping public expenditure cuts, which the Ministry of Finance is preparing.

Mr Carlsson had said his plan for a two-year freeze of wages and prices, and restrictions on strikes, was intended to guarantee continued full employment. The wage-price freeze was unveiled last week to suppress strikes.

In Stockholm last night there were rumours of secret talks between Social Democrat leaders and Liberals, as well as the Centre party, on the creation of a broad-based coalition to resolve what has rapidly degenerated into the country's biggest political crisis for more than 30 years.

Ingvar Carlsson: austerity measures defeated

● The central bank yesterday raised interest rates by 2.25 per cent to 15.25 per cent in an effort to calm the money markets.

Mr Kjell-Olof Feldt, the Finance Minister, has already warned that interest rates could soar to 20 or 25 per cent if Parliament would not accept necessary austerity measures.

Britain and Argentina restore diplomatic relations

By Andrew Marshall in London

BRITAIN and Argentina restored diplomatic relations last night, nearly eight years after the Falklands war.

The military exclusion zone around the islands, which has proved the most difficult issue to resolve, is to be lifted and replaced by advance notice of military manouevres. This represents a considerable concession by Britain to Argentina, and will be greeted with alarm in the Falkland Islands.

Argentine military vessels and aircraft will be permitted to approach the Falklands with appropriate notice. The security arrangements will come into effect on March 31, according to a statement delivered in London, Buenos Aires and Madrid.

"The aims of this system are to increase confidence between the UK and Argentina and to contribute to achieving a more normal situation in the region without unnecessary delay," the statement said.

Agreement on this final sticking point followed two days of talks in Madrid. Argentina was represented by Mr Lucio García del Solar, and Britain by Sir Crispin Tickell.

The Foreign Office said ambassadors would be exchanged in due course. Discussions on fisheries co-operation in the waters outside the Falkland Islands' 150-mile fisheries zone wil continue.

The military zone was instituted after the 1982 war between the UK and Argentina over the South Atlantic archipelago. It was patrolled by RAF aircraft based at Mount Pleasant on East Falkland, and submarines and ships based at Mare Harbour. Some 2,000 troops are also based at Mount Pleasant, down from 4,000. There has been no indication that this force level will be reduced, but its role is now very unclear.

Both London and Buenos Aires have placed the subject of sovereignty over the Falklands under what they call a "diplomatic umbrella" for consideration after diplomatic relations have been restored. But the UK is unlikely to want to proceed with discussions on sovereignty.

The decision to remove the military zone will cause alarm in the Falkland Islands where it has been regarded as the

Continued on Page 18
War echoes fade as enemies turn to trade, Page 3

Perrier fights to clean a tarnished image

By Paul Abrahams in Vergèze

OUTSIDE Nimes Airport in south-west France is a giant green pear-shaped bottle surrounded by yellow bubbles. Underneath is an advertising slogan proclaiming "Perrier c'est fou" - Perrier is mad. The giant bottle is covered with dirt.

The image of Perrier, which with the Filofax and the yuppie symbolised the 1980s, lies tarnished after tiny traces of benzene, a carcinogenic substance, were found in bottles in the US.

All over the world yesterday, 160m bottles of the hallowed substance were being withdrawn. The three workers who were responsible for the leak of benzene at Perrier's bottling plant at Vergèze in south-west France have been identified and sanctions are expected to be disciplined soon.

But Perrier, the bottlers of Vergèze, and indeed France, itself were fighting back yesterday to restore the image and the honour of a French symbol.

The French Minister of Health assured the country that the drink was still "of benefit to the public's health," giving consumers and retailers the choice between staying with Perrier or returning to water. Air Inter's morning flight from Paris to Nimes yesterday was serving Perrier without comment.

At the Vergèze plant, where secrecy is renowned, the gates of the plant were thrown open to a wide-eyed world. Inside there was frantic activity.

Source Perrier, the company that owns the brand, has geared up the plant for full production as part of a major counter-offensive. It has been manufacturing 6m bottles of Perrier every 24 hours since Sunday when scientists gave the production lines the all-clear after engineers replaced a faulty filter.

The company said it was making every effort to reassure the public about the purity of its products. It was tripling the quality control measures at the plant.

Guards at the factory gates watched television coverage of "la crise Perrier" as periodical journalists vied with each other to enter the buildings.

One guard, smoking a cigarette and looking with his largish waist anything but a yuppie, complained that when his Algerian war veteran's association demonstrated the press never made this much fuss.

Our guide at the factory offered journalists bottles of Perrier although he was sipping Volvic, another Source Perrier product.

But the guide's example was unusual. In the town hall, at the end of a regular meeting of the municipal council, Perrier bottles stood empty among used glasses and a couple of bottles of champagne.

Champagne bottles are not unusual at Vergèze. The town has done well from the success of Source Perrier which last year received a Palm of Excellence for its sustained growth during the 1980s. Sales of Perrier water in the US alone increased from $41m in 1981 to $119m in 1988.

The municipality benefits directly from the factory. Not only does Source Perrier employ most of the community's male population, it also generates local taxes that go straight to the local council. The municipality receives a franc for every 100 bottles sold in France. Most years, when there is a hot summer, that source of income alone brings in FFr3m ($530,000) for the local council.

In contrast to the surrounding villages and towns which are more dependent upon a declining wine industry and therefore fairly dilapidated, Vergèze is prosperous.

Mayor Raymond Fontaine, who is an employee at Perrier, proudly says that Perrier is both a source of water and wealth. He believes that the effects of the scare will only be short term.

Competitors close in, Page 19

Banks split over leadership of troubled Channel tunnel plan

By Andrew Taylor and Stephen Fidler in London

A SPLIT is emerging among international banks over Mr Alastair Morton's leadership of the troubled Channel tunnel project.

The appointment of Mr Morton, joint chairman of Eurotunnel, as its chief executive has prompted contractors to refuse to sign a new construction agreement which would allow Eurotunnel to start drawing £400m ($676m) of temporary finance negotiated last month with the group's bankers.

Mr Morton's appointment as chief executive and deputy chairman was among several management changes approved by Eurotunnel's joint board last month.

Contractors have also started legal proceedings against Eurotunnel over non-payment of money due to them this month. The continual rows between the construction companies and Mr Morton have prompted some of the lending banks to question Mr Morton's role at Eurotunnel.

Bankers said yesterday the lending banks were split between those which thought Mr Morton should go and others which believed his strong leadership was essential if the project was to be completed without further large increases in costs. However, there appeared to be no immediate move by banks to unseat him.

One banker said: "At every step of the way, there seem to be problems and some of us feel that the best solution would be for Mr Morton to step down." Another said: "It seems to me that he's looking for the red card."

The cost of the project has risen to £7.2bn from an original forecast of £4.8bn. The temporary financing agreement was to give Eurotunnel time to prepare for a much larger fund-raising package, most of which is likely to come from the banks and the balance from a rights issue. Yesterday, Eurotunnel shares closed at 573p, down 11p after falling 50p at one stage.

Eurotunnel yesterday said it was standing by its appointments. It had shown these to its leading bankers which had not opposed them.

The construction companies had insisted on management changes as a precondition to signing the agreement but had not expected that Mr Morton would be made chief executive.

Eurotunnel said last night the law suit started by the contractors failed to serve any identifiable purpose. It was the contractors' refusal to sign the construction agreement which was preventing the group from drawing fresh funds to pay its bills.

Eurotunnel said Mr André Benard, currently joint chairman with Mr Morton, would become chairman. It announced a new executive structure under Mr Morton, including two fresh appointments.

Mr Alistair Fleming, a senior executive with BP, would become managing director with reponsibility for the construction of the project. Mr Keith Bernard, a senior executive with Bechtel, the US construction group, becomes managing director for the development of the transportation system. He was previously

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Showdown over Tunnel vision, Page 8

CONTENTS

Japan's money-driven election switches into top gear

Despite repeated promises, reforms to reduce the importance of money in Japanese politics are still awaited. Mrs Takako Doi (left), the JSP leader, is trying gamely to keep the reform issue alive. Page 4

MARKETS

STERLING
New York lunchtime: $1.6905
London: $1.6935 (1.6955)
DM2.845 (2.835)
FFr9.675 (9.645)
SFr2.53 (2.53)
Y244.5 (244.75)
£ Index 89.6 (89.4)

GOLD
New York: Comex Apr $416.2
London: $415.75 (415.25)

N SEA OIL (Argus)
Brent 15-day Apr $19.65 (19.4)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime: DM1.6885
FFr5.739
SFr1.4995
Y144.6
London: DM1.6805 (1.6715)
FFr5.7125 (5.685)
SFr1.4945 (1.492)
Y144(144.25)
$ Index 67.1 (67.0)
Tokyo close: 144.45

US Lunchtime Rates
Fed Funds $8\frac{1}{4}$%
3-mo Treasury Bills: yield: 7.9%
Long Bond: $100\frac{31}{32}$
yield: 8.45%

STOCK INDICES
FT-SE 100: 2,313.8 (+15.5)
FT Ordinary: 1,829.5 (+7.1)
FT-A All-Share: 1,154.36 (+0.5%)
New York lunchtime: DJ Ind. Av. 2,636.04 (+11.72)
S&P Comp 333.39 (+1.38)
Tokyo: Nikkei 37,471.99 (+316.1)

LONDON MONEY
3-month Interbank: closing $15\frac{1}{8}$ (same)
Liffe long gilt future: Mar $86\frac{11}{32}$ ($87\frac{3}{8}$)

Mass protests continue in Tadzhikistan as party holds crisis meeting

Moslem riots force out Communist chiefs

By Mark Nicholson in Moscow

THE three top state and Communist Party officials in the Soviet republic of Tadzhikistan tendered their resignations after mass protests yesterday in Dushanbe, the scene of bloody rioting since Monday.

The resignations of the chairman of the city's Communist Party, the chairman of the praesidium of the republic's parliament and Tadzhikistan's prime minister must be approved by the local party central committee, which called an emergency session last night.

Tass, the Soviet news agency, said clashes continued yesterday in the Tadzhikistan capital, but there were no reports of shooting or further deaths in the city, where the Interior Ministry says 17 have died in riots since Monday. The Moscow media have put the toll at 37.

Several thousand demonstrators had called for the resignations earlier in the day in a tense stand-off outside the Dushanbe party headquarters, which was ringed by tanks and troops.

The crowds later dispersed after appeals for calm from leaders of an unofficial committee formed during protests earlier in the week.

Tass quoted the committee's leader, Mr Buri Karimov, as saying the republic's leaders had proven incapable of solving the region's grave economic problems. "People must wait years for good housing and unemployment, especially among young people, is on the rise," he said. He criticised the use of nationalist slogans in the demonstrations, which were sparked by rumours of Armenian refugees jumping the city's long housing queues, and said bloodshed in the city had been caused by gangs of young extremists. "The administrative-bureaucratic system is our sole enemy," he told Tass.

The committee's demands, which were also being considered by the party last night, include the ending of the state of emergency declared on Monday night, a package of measures to counter unemployment and a ban on the sale of pork – which Moslems do not eat. Tadzhikistan is predominantly Sunni Moslem.

Local journalists reached from Moscow yesterday said that self-defence committees of residents had managed to restore peace to large parts of the city. However, Tass said that armed gangs were still roaming the streets, smashing up vehicles and setting light to houses and shops.

The fall of the Tadzhikistan state and party leadership has followed a wave of resignations of Communist Party chiefs across the Soviet Union in the face of popular discontent.

The list was joined yesterday by the regional party leader of Vorshilovgrad in the Ukraine, Mr I.A. Lyatshov, who also resigned his post. But regional party leaders in Donetsk yesterday decided to keep their posts despite a popular campaign for their removal.

Soviet troops confronting crowds of protesters yesterday in the Tadzhikistan capital, Dushanbe

Romanian army split threatens ruling Front

By Judy Dempsey in Vienna

ROMANIA'S increasingly fragile Government yesterday faced a potential threat to its power from a group of young military officers who are refusing to leave government headquarters until their demands are met.

The demands include the dismissal of General Stefan Militaru, the Defence Minister, and Mr Mihai Ghitac, the Interior Minister. Gen Militaru was called out of retirement by the National Salvation Front, which was catapulted into power during the December revolution which overthrew the Ceausescu regime.

The officers say they will have no confidence in their generals, of whom 12 were brought out of retirement by the Front, until the full truth is told about the army's precise role during the revolution.

In particular, they accuse Mr Ghitac of shooting at demonstrators in Timisoara on December 17. They say they have a video recording which shows that Mr Ghitac ordered the army to shoot the people.

Mr Petre Roman, the Prime Minister, tried earlier in the week to defuse the tension by agreeing to set up a commission to look into the allegations. But the young officers rejected it.

The younger generation of army officers have little trust not only in the generals but also in the Front. Like the students, they believe the revolution - which succeeded because the army eventually joined the country's youth - has been hijacked by the Front.

They are also very sceptical that the Front is willing to purge the army of former Securitate agents or the old guard of Communist apparachiks.

It is uncertain how many Securitate officers remain in the army but estimates put the figure at around 5,000.

There is also the question of growing frustration with living conditions and career prospects for an army which was intentionally downgraded under the Ceausescu regime.

Under the old regime, young recruits were forced to build roads as well as the monumental Palace of the Republic which was to house the Government. They were compensated with miserable living conditions which verged on squalor.

This sense of grievance is exacerbated by fears that the older generation of generals will block their promotion prospects, despite the fact that the younger generation of officers was instrumental in winning the Revolution.

The split in the army will not be easy to heal.

If Mr Roman were to suspend the generals, he could face recriminations and a possible backlash by the old guard, who so far have remained protected by the Front and are adept at obstructing any reforms which upset the status quo.

But keeping them in power is likely further to alienate the impatient and disillusioned younger officers who, like the students, feel that the Revolution has been betrayed.

Polish reforms get off to good beginning

By Stephen Fidler, Euromarkets Correspondent

POLAND'S six-week old economic stabilisation programme appears to have begun well, according to Sir William Ryrie, head of the International Finance Corporation, the World Bank's private sector development arm.

However, Sir William, in London yesterday after arriving from Poland, said that inflation in January appeared to have run at about 80 per cent, compared with the expected 40-50 per cent.

It had been fuelled by the removal of most subsidies and by many companies putting up prices more than expected, but there seemed to be evidence that it had since stabilised.

In addition, industrial production had fallen off more than the Government expected, he said.

On the positive side, the exchange rate had held without any government intervention, partly because people had converted their dollar savings into zlotys.

The $1bn stabilisation fund established by western governments to support the exchange rate was intact, he said. Nominal wages had hardly moved and political support for the Government, insofar as it could be judged, appeared strong.

Sir William said that the necessary structural change of the economy could take years. The IFC aimed to help with privatisations – laws are going through Parliament which would put ownership of state concerns in the hands of the Ministry of Finance – and with medium and small enterprises. It was helping to establish an advisory service for new businesses, and participate in crucial reform of the banking system.

It has put in place a DM50m credit line for the Export Development Bank in Poland, and it is also involved in discussions with four European banks – from France, Germany, Austria and Italy – about establishing a new consortium bank in Warsaw.

He said the IFC was studying participation in a number of joint ventures, including a shipyard venture with Kvaerner of Norway, a pulp and paper venture with a Swedish company, and a big car investment project.

Prague split over the pace of economic reforms

By Guy de Jonquieres in Prague

CZECHOSLOVAKIA will suffer disastrous consequences if it attempts to move too hastily towards a market economy, Professor Valtr Komarek, the first vice-Prime Minister, warned yesterday.

"If a market economy were to start immediately, economic agony would result," he told an international conference on trade and investment organised by the Prague School of Economics.

At least a third of the country's production would be destroyed, and there would be economic chaos.

Prof Komarek's remarks are the clearest sign yet of growing differences within the new Czechoslovak government about how fast it should press ahead with economic reform.

His warning yesterday appears directed particularly at Mr Vaclav Klaus, the liberal Finance Minister, who has given priority to rapid achievement of a free market.

Prof Komarek, who has overall responsibility for economic policy, said progress towards a market economy was important. However, he said, freeing the market was not an end in itself and must serve the broader goal of increasing national prosperity.

He rejected any suggestion that the government could simply unleash market forces and let things take their course. It was not feasible simply to base policy on textbook Friedmanite economic doctrine.

"We shall not be trying for an economic earthquake and seeing if we survive," he said. "We should continue in a civilised manner. Development should take the form of a well prepared process which we can influence."

The existence of differences within the government on the pace of economic reform was also confirmed by Mr Andrej Barcak, Foreign Trade Minister and one of the few government members to have remained a Communist.

Mr Barcak said yesterday there was general understanding in the government on the overall objectives of policy, but much less agreement on what practical steps should be taken to realise them.

Mr Barcak, who says he does not intend to stand as a candidate at next June's elections, also said the government should be doing more to prepare the country to accept that necessary economic reform would involve hardship.

Economically, there were strong arguments for starting to make painful adjustments now, he said. However, politicians were reluctant to do so for fear of jeopardising their chances at the election.

"Nobody is going to say to people: 'First you have to work harder and then you will get poorer'," he said.

Mr Barcak favoured accelerating price decontrol for plentiful products. However liberalising prices of scarce products would only aggravate inflationary pressures.

Leningrad bans outsiders from its shops as shortages bite

By David Lascelles in Leningrad

LENINGRAD, the Soviet Union's second city, is preparing to prohibit non-residents from buying a wide range of goods in its stores. The measure is a further sign of the extremes to which regions are being driven to protect local markets against shortages.

A Leningrad trade official said the city's 6m residents would shortly be issued with special cards entitling them to shop for "deficit" goods.

These include all meat and meat products, dairy produce, including butter and cheese, fresh fruit and vegetables. Among consumer durables the list covers electrical appliances, television sets, knitwear, shoes, china and watches. The few essential items not covered by the scheme include bread and confectionery. Sugar is already rationed nationwide.

The decision to set up the card scheme was taken by the city council in December. As a temporary measure to prevent hoarding, shoppers have since January had to produce their regular identity papers in the city's main stores before they can buy deficit goods.

The Leningrad authorities hope the scheme will take the pressure off supplies by keeping out the large numbers of people who descend on the city's shops from outlying regions where goods are in critically short supply.

The measure is also a response to similar restrictions imposed by the neighbouring Baltic republic of Estonia, and by cities such as Pskov. As such, it is a further indication of the way the Soviet economy is fragmenting.

The introduction of the temporary scheme in Leningrad since January already seems to have had some effect. Queues at the shops have shrunk and more goods have become consistently available.

The question is how soon it will be before Moscow is forced to follow suit. An estimated 2m people a day arrive from other parts of the country to stock up on goods, adding to the capital's strained resources.

East German savers grow more nervous

By Andrew Fisher in East Berlin

WORRIED East German savers were yesterday urged to trust their new Government and not be panicked into withdrawing their money before currency union with West Germany.

"I am leaving my savings account as it is," said Mr Wolfgang Meyer, the East German government press spokesman. "I would ask our citizens to have faith in the Government."

He was commenting on reports that East German citizens had been rushing to shift their savings into smaller family accounts or to withdraw funds to spend on goods.

The shifting of accounts was prompted by rumours that only sums of 5,000 East German Marks would be exchanged into D-Marks on a one-to-one basis, with sums above this to be subject to a less favourable rate.

East German savings total around 170bn East German Marks. Estimates of the amount so far withdrawn are 1bn Marks or above.

Reports of the run on savings came as Mr Helmut Kohl, West German Chancellor, said German unity was closer than ever and that East Germany's next Government would seek unification as quickly as possible.

Addressing parliament, Mr Kohl defended his plan for rapid monetary union and tried to assure East Germans they would not be jobless or robbed of their savings.

However, Mr Meyer made clear at the government press conference in East Berlin that East Germany would not be rushed into union. The issues and problems of a currency union still had to be thoroughly studied.

EC to finance inner city development schemes

By Hazel Duffy in London

POOR NEIGHBOURHOODS in London and Marseilles will receive Ecu9.1m ($7.46m) from the European Commission's regional fund over the next two years.

The money - Ecu5.1m for London, Ecu4m for Marseilles - will be used to finance selected schemes aimed at addressing some of the problems of economic decline and environmental decay in Europe's inner cities. The Commission will pay half of the cost, the other half from public and private sources.

Neither city qualifies for regional aid under the Commission's rules. But Mr Bruce Millan, regional policy Commissioner, will be using part of the fund set aside for special projects. Social Fund money to help with training costs might be made available to the same urban areas.

London and Marseilles were selected for the pilot scheme because they have some of the most acute problems. Authorities from other cities have submitted proposals to Brussels, which is considering extending the pilot scheme.

The Commission will be supporting small-scale projects in urban areas which have been selected for their potential application to other cities. They include plans to bring employment and training to people living on housing estates in London, and help towards financing an arts technical centre and computer-aided graphics unit in the Kings Cross area of London.

In Marseilles, the focus will be on projects in three housing estates on the periphery of the city, and two projects in deprived areas close to the centre. Ground floor flats with security problems, for instance, will be changed into workshop units. Another scheme uses music and culture to promote economic development.

Party faces demise in Estonia

By Quentin Peel in Moscow

THE Soviet Communist Party in Estonia is likely to disintegrate after the republic's elections next month, leaving only a tiny minority loyal to Moscow, according to a top-level party official.

Mr Mikk Titma, the ideology secretary of the Estonian party, said in an interview with the Financial Times that he believed that a clear majority of members would move into "a Socialist party, as you call it in the West".

They would leave behind two minority Communist parties - one loyal to Moscow, and one independent of Moscow, but "relatively tiny" within Estonia.

He was speaking as the parliament of neighbouring Latvia voted to work for Latvian independence. After heated debate, the Latvian Supreme Soviet adopted by 177 votes to 48 a declaration which said: "It is necessary to do all to restore the state independence of Latvia and transform it into a free, independent Latvian state."

Mr Titma forecast the effective dissolution of the ruling party in Estonia predicting that the moves would happen at next month's party congress. His view coincides with growing talk in Moscow itself about splits in the Communist Party, with radical reformers declaring that party discipline has virtually collapsed.

However, Mr Titma suggested that instead of keeping a powerful, independent Communist Party, the majority in Estonia would form a quite new party.

The Estonian Communists have postponed an open split with Moscow until after the republic's elections, scheduled for March 18. A party conference last weekend ended without a final decision.

Portuguese prices leap

By Patrick Blum in Lisbon

PORTUGUESE prices rose by 1.7 per cent in January, fuelling fears that inflation is again gaining momentum.

The latest figures published by the National Statistical Institute show that annual inflation reached 12.6 per cent – more than twice the EC average – despite official hopes that inflation was on the way down following a decline in prices in the autumn.

Mr Miguel Beleza, the Finance Minister appointed in January, has made fighting inflation the Government's top priority, but the recent increase puts in doubt the 9.5-10.5 per cent target this year.

Inflation has been fed by one of Europe's highest growth rates, with high levels of investment, inward capital flows and surging imports as Portugal strives to catch up with its EC partners. Reports put GDP growth at around 5 per cent for 1989. A slight deceleration is expected this year, although growth will remain above 4 per cent.

Senior Mondadori editor quits

MONDADORI Editori, Italy's largest publishing group, has suffered the first big loss from the ranks of its editors since Mr Silvio Berlusconi took control of the management last month, writes **John Wyles** in Milan.

Mr Claudio Rinaldi's decision to resign as editor of Panorama, Italy's top-selling weekly news magazine, has not taken the world of Italian journalism greatly by surprise, given his open opposition to the takeover.

However, the departure of an independent journalist who in five years has taken the magazine's circulation from 350,000 a week to 440,000 is being seen as a blow to Mondadori prestige at a time when the company is semi-paralysed by the continuing battle for control between Mr Berlusconi and Mr Carlo De Benedetti.

Mr Rinaldi will be succeeded by Mr Andrea Monti, hitherto editor of Fortune Italia.

Soviet bloc races towards multi-party democracy

Our Foreign Staff reviews the parties and the issues in the many elections due in the next few months

THE Soviet Communist Party's surrender of its monopoly on power last week was the most important move yet in the progress towards multi-party democracy in the Soviet empire.

Here, in chronological order, is the timetable for elections this year in some of the Soviet republics and the eastern bloc.

Local elections are being held across the Soviet Union over the next few months with thousands of candidates contesting seats for both republican parliaments and city and regional soviets (councils).

Most attention will be concentrated on those in the Baltic states and Moldavia, where there is widespread agitation for unification with the republic's kinfolk in post-revolution Romania.

SOVIET UNION:

Lithuania – The Communist Party, which has declared its independence from the Communist Party of the Soviet Union (CPSU), is contesting elections on February 24 to the republic's supreme soviet (parliament) along with the Sajudis, the Lithuanian Social Democratic Party, and the Lithuania Freedom League, the Christian Democrats and the Greens. All but the Communist Party rump will campaign for independence from Moscow.

Moldavia – The Communist Party and the Moldavian Popular Front will contest the elections on February 25.

Ukraine – The Ukraine, the granary of the Soviet Union and biggest non-Russian republic, votes for its supreme soviet on March 4 amid growing nationalist sentiment. The leading contenders are the Ukrainaian Communist Party and RUKH, the national front.

Latvia and Estonia – These two Baltic states go to the polls on March 18 with the Latvian Communist Party, the Latvian Popular Front, and the Greens among the runners in Latvia, and the Communist Party, the Popular Front and the Estonian National Independence Party in Estonia.

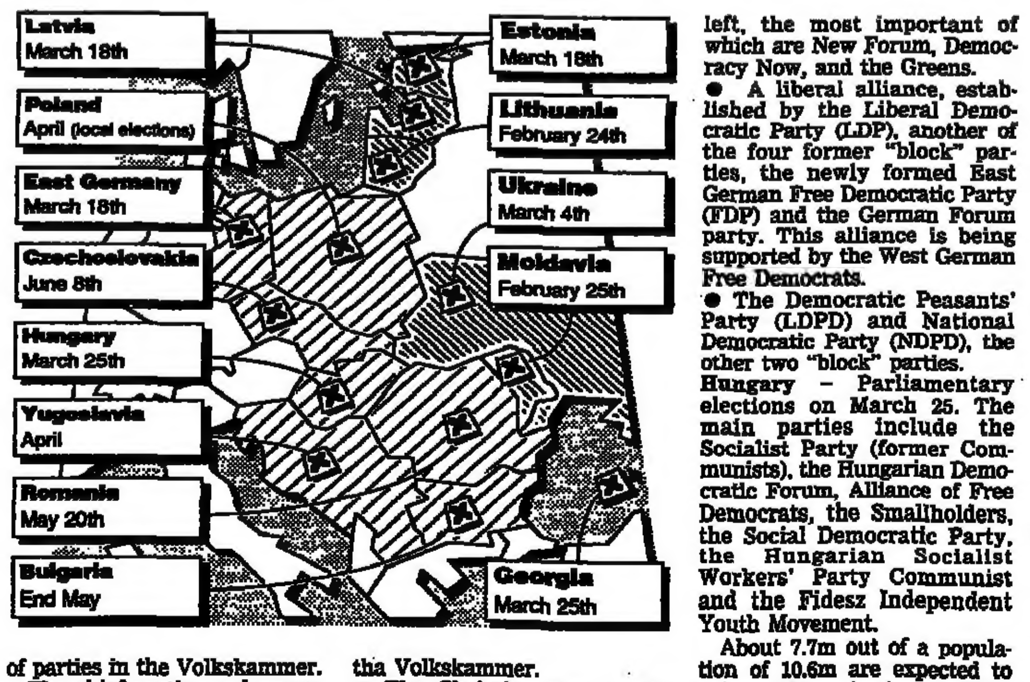
In Latvia yesterday the republic's Supreme Soviet voted overwhelmingly in favour of working toward independence, a campaign promise already made by the other parties.

Leading Communists in Estonia have called for a free Estonia within a common European home.

Georgia – A strong, fierce nationalism has been reawakened by the massacre in Tbilisi last April of Georgians by Soviet troops. The Georgian Communist Party is up against several nationalist groups competing for power on March 25.

EASTERN EUROPE

East Germany – The 12m-strong electorate will vote on March 18. There will be a proportional voting system, probably with no 5 per cent "cut off" clause, ensuring a proliferation of parties in the Volkskammer.



The chief parties and groupings contesting the polls are:

- The Democratic Socialist Party (PDS), the renamed Socialist Unity (Communist) Party (SED), which ruled East Germany for 40 years, but now looks almost certain to go into opposition.
- The Social Democratic Party (SPD), re-formed at the end of last year and affiliated with the West German SPD, and now strongly tipped to become the largest grouping in tha Volkskammer.
- The Christian Democratic Union (CDU), one of the four former "block parties" which ruled in a nominal coalition with the SED. To improve its credibility, the CDU has teamed up with two newly-formed conservative groupings, the German Social Union (DSU) and Democratic Awakening (DA) to establish an election alliance being backed by West Germany's ruling Christian Democratic Union.
- A cluster of parties on the left, the most important of which are New Forum, Democracy Now, and the Greens.
- A liberal alliance, established by the Liberal Democratic Party (LDP), another of the four former "block" parties, the newly formed East German Free Democratic Party (FDP) and the German Forum party. This alliance is being supported by the West German Free Democrats.
- The Democratic Peasants' Party (LDPD) and National Democratic Party (NDPD), the other two "block" parties.

Hungary – Parliamentary elections on March 25. The main parties include the Socialist Party (former Communists), the Hungarian Democratic Forum, Alliance of Free Democrats, the Smallholders, the Social Democratic Party, the Hungarian Socialist Workers' Party Communist and the Fidesz Independent Youth Movement.

About 7.7m out of a population of 10.6m are expected to vote on the major issues of the economy, the environment, housing, unemployment and a complete end to Communist influence.

Nationalism, particularly the future status of the ethnic Hungarian minority in neighbouring Romania and to a lesser extent in Czechoslovakia, will also be part of the election campaign.

Yugoslavia – Free elections will also take place in April (the dates have yet to be set) in the republics of Slovenia and Croatia. The Communists have adopted a more reformist line in recent months, but it is expected that the opposition will do well in reducing the power of the party.

The outcome of these elections will provide a useful barometer for other elections which are likely to be held in the rest of the republics later this year.

Poland – Local government elections are to be held some time in April. Solidarity-dominated civic committees, new political parties ranging from the left-wing PPS to right-wing groupings like the Christian National Union and the post-Communist Social Democrats, and the Peasant parties, will be running.

The poll will be the first test of the Government's popularity since the introduction of Draconian austerity measures on January 1. About 27m out of a population of almost 40m will be eligible to vote.

Romania – Parties contesting elections to a parliament on May 20 include the Salvation Front (the first political grouping to emerge after the revolution and made up of many former Communist Party members), the National Peasant Party, the National Liberal Party and Social Democrats.

Twenty-four other small parties will also be in the race.

Almost 16m out of the total population of 23m may be eligible to vote. Personalities and recriminations are likely to predominate over political issues and ideas.

Czechoslovakia – Parliamentary elections on June 8. The Communists, the Civic Forum (Czech) and Public Against Violence (Slovak) are the main parties competing against new emerging parties such as the Social Democrats and parties formerly associated with the Communists like the Socialist Party, and the Popular Party.

The size of the electorate is estimated at 10.9m out of a population of 15.6m and the main issues are likely to be the economy, the role of the state, dismantling of the Communist system and the environment.

Bulgaria – Parliamentary elections at the end of May (a date has yet to be announced) will be contested by the Communists, the Agrarian Party, the Union of Democratic Forces, and a number of other groups covering 12 independent opposition movements ranging from Podkrepa, a free trade union group, to Eco-Glasnost, the ecology movement and one of the oldest of the independent parties.

The size of the electorate is estimated at more than 6.7m out of a total population of 9m. The main issues are the environment, separation of party and state and human rights. The fate of the ethnic Turkish minority looks more than likely to become a significant issue during the course of the campaign.

THE FINANCIAL TIMES (EUROPE) LTD
Registered office: Number One, Southwark Bridge, London SE1 9HL.
Company incorporated under the laws of England and Wales.
Chairman: D.E.P. Palmer.
Main shareholders: The Financial Times Limited, The Financial News Limited.
Publishing director: B Hughes, 168 rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629
Editor: Sir Geoffrey Owen.
Printer: SA Nord Eclair, 15/21 rue du Caire, 59100 Roubaix Cedex 1.
ISSN: ISSN 0174/7363 commission paritaire no 67808D.

Financial Times (Scandinavia), Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335

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AMERICAN NEWS

Shevardnadze urges start on Europe summit

By Peter Riddell, US Editor, in Ottawa

WORK should begin immediately on preparing a 35-nation summit to provide guarantees that a united Germany would not threaten its neighbours and to codify the principle of free elections throughout Europe, Mr Eduard Shevardnadze, Soviet Foreign Minister, said yesterday.

In testimony to Canadian MPs in Ottawa, Mr Shevardnadze accepted the movement towards reunification, welcomed the creation of a single German currency, but warned of the dangers of a revival of nazism.

He announced that the Soviet Union was ready to start talks on withdrawal of its forces from Poland, if the Warsaw Government wanted this (it said this week it wanted a reduction, rather than a total withdrawal). This is in addition to decisions already taken in Moscow to withdraw forces from Czechoslovakia and Hungary. But a Soviet contingent will be maintained in East Germany, he said.

Mr Shevardnadze charmed the Canadian parliamentarians with his wit and frankness, notably over the internal problems of the Soviet Union. He said: "Today our country is indeed sick," though he claimed that recuperation had begun.

He reflected Soviet sensitivity to Western "triumphalism" and to suggestions that Moscow had made concessions over troop numbers in Europe, which he called common sense. He warned that those who gloated over Soviet problems preferred "self-deception and self-adulation".

During his 40-minute statement, Mr Shevardnadze focused on Germany, raising the question of whether there might be a rebirth of Nazism. He noted that the West German Republican Party had "some support".

While acknowledging the right of the two German states to self-determination, he said that their neighbours "are indisputably entitled to have guarantees that a united Germany will not be a threat to them, that it will not seek to revise the European borders, and that it will not see a rebirth of nazism and fascism."

In particular, Mr Shevardnadze said the German question should be one of the main items on the agenda of the agreed summit later this year of the 35 nations in the Conference on Security and Co-operation in Europe. This includes Nato, the Warsaw Pact, and 12 neutral countries.

Preparations, he said, should start without delay, with a meeting of experts as early as next month, to be followed by a meeting of foreign ministers.

Apart from Germany, he suggested that the summit should discuss a political declaration on the principle of free elections – an idea put forward last week by Mr James Baker, US Secretary of State.

In addition, Mr Shevardnadze said the leaders should not only sign the agreements on conventional arms and confidence-building measures but also discuss further steps in European disarmament and security.

He sought to enlist Canadian help in pressing the US over tighter controls on nuclear tests, and in pressing for the inclusion of naval forces within arms control talks (now strongly resisted by the US).

Barco calls for unity against drug trade

By Sarita Kendall in Cartagena

PRESIDENT Virgilio Barco of Colombia welcomed the presidents of Bolivia, Peru, and the US to the Cartagena drug war summit yesterday with a strong speech re-affirming the need for a united front in the fight against cocaine trafficking. He said that every day it was more obvious that the battle was a global one.

"We have to offer economic and social alternatives to the peasants who grow coca. We have to dismantle the cartels and their infrastructure for processing and trafficking in drugs. We have to stop the flow of chemical input from industrialised countries. We have to control the sale of arms used by the criminals for violence. And, fundamentally, we have to do everything possible to reduce the demand for drugs in the big cities of the developed countries," Mr Barco said.

The summit was designed to emphasise multi-government co-operation and overall strategy against trafficking, but some specific agreements on trade, crop substitution and chemicals were expected. President Jaime Paz of Bolivia is pressing for massive international support to supersede not just the coca leaf but the whole coca economy, which illicitly earns some $500m a year for Bolivia.

After the aircraft bringing President George Bush of the US had touched down at Barranquilla, on Colombia's Caribbean coast, he was helicoptered west to nearby Cartagena amid much security.

This might be deemed excessive, noting a series of publicity stunts by top drug traffickers, trying to change their image by seeking dialogue. However, commenting on the surrender of cocaine laboratories in the Colombian jungle, the head of Colombia's security police said he was not convinced by such gestures.

Argentina announces privatisation timetable

By Gary Mead in Buenos Aires

THE Argentine government has announced a detailed chronology of its plans to sell various state-owned transport, communications and energy companies.

The programme, under the supervision of Mr José Roberto Dromi, Public Works Minister, is being undertaken to stop the source of much of Argentina's chronic fiscal deficit problems. Annual losses of the companies to be sold run at the equivalent of $5.5bn, subsidised by the Treasury.

The telecommunications company ENTel is now due to enter private ownership by October 8 – five months later than the date originally forecast by the government.

ENTel will be split into two regions (north and south); a "pre-qualifying" round of interested bidders will be held between March 21 and June 11, when the successful will present their offers. The date for signature of the final contract is August 6.

Encotel, the postal system, will have a new operational model defined for it by March 15, to eliminate its regular deficits. The national airline, Aerolíneas Argentinas, is open to offers from April 16, with final adjudication on June 28.

The most attractive railway line, which carries most of Argentina's grain exports, between Rosario and Bahia Blanca, is to have its "pre-qualifying" round on June 28.

Sixteen ships of the shipping line ELMA are open to offer as of March 15. Seventy-seven local companies have permission to bid to take over management of, and receive a right to levy tolls on, 6,000 miles of roads.

In the energy sector, the state-owned oil company Yacimientos Petróleos Fiscales (YPF) is due for initial adjudications of privatisation of its sales and distribution sections by June 3. Total deregulation is planned by January 1 1991.

The announcement is regarded here as a government bid to reiterate its determination to realise the sale programme, first outlined last August.

However, three crucial factors alarm potential buyers – a failure so far to define who will shoulder the companies' huge debts, lack of consensus on their base prices, and rising trade union opposition to the programme itself.

War echoes fade as enemies turn to trade

Andrew Marshall and **Gary Mead** assess prospects for UK-Argentine commerce

THE restoration of diplomatic relations between the UK and Argentina, which was expected last night, would remove the last impediment to British exporters and investors seeking access to a traditional mnarket in Latin America.

Despite the easing of political problems, though, re-entry to the market would not be easy and the weakness of the Argentine economy would continue to limit commerce.

The diplomatic restoration would not itself remove any formal obstacles. Most of these were dissolved last year, following the Argentine Government's decision to lift a ban on UK products, as part of the rapid improvement in relations that followed the accession of President Carlos Menem. Since August 3, British exporters have been free to sell their products directly to Argentina, rather than resort to triangulation.

Some restrictions remain on the British side also – on the export of aircraft and helicopter engines and engine parts to Argentina, for instance. But such curbs apply to UK trade with many countries.

Even so, diplomatic ties mean the return of embassies' support services. Consular representation already exists as a result of meetings last year in New York. The full restoration of diplomatic relations is to allow dialogue at an official level between both sides, improving communication and trade.

Several large concerns, including ICI, have maintained subsidiaries and affiliates in Argentine despite the break in diplomatic relations. But it may be some time before there are signs of UK exports recovering from the £13m of 1989 to the £161m of 1981, the year before the Falklands war. Even then, the UK had an import share of only 3.4 per cent. Since 1981, markets have been lost to foreign companies or to import-substituting local entities.

Argentinian exports to the UK have recovered more rapidly, as the British import ban was lifted in 1985. They stood at £137m in 1981. From a low of £60,000 in 1984, they recovered rapidly to £66m in 1988. Two-thirds of this is meat and meat preparations, nearly all beef.

The UK Department of Trade and Industry is encouraging exports across the product range. Machinery has formed the largest part of currenct exports. But there are also opportunities in organic chemicals, office machinery, and iron and steel, which make up the bulk of existing exports. "We are re-establishing an old and friendly export market, and there is a great deal of interest on the part of British companies, the DTI said yesterday.

Britain's Export Credit Guarantee Department provides short-term export cover, on an irrevocable letter of credit basis.

Mr Michael Valdez Scott of the Latin America Trade Advisory Group said this year that the lifting of sanctions could create opportunities for exporters in such sectors as instrumentation, chemicals, industrial plant and health care. Mr Valdez Scott led a trade mission to Argentina at the end of last year, which included 54 British companies with an interest in expanded trade or investment.

Mr Roy Bateman, general manager for Argentina at Wellcome, the UK pharmaceutical company, says it hopes to maintain and expand its business, through Cooper Pitman Moore, its Argentinian agent. Exporting has become easier, he says. Progress on the protection of intellectual property, a key issue for the company in several Latin American countries, must continue and be accelerated, he says. But "our major concern is the economic situation."

One key to improving commercial relations was the restoration of the direct London-Buenos Aires air service, he says. British Airways, which has been co-operating closely with Aerolíneas Argentinas, the state-owned national airline, on an informal basis, made its first flight in January, and now operates two flights a week. The company will not comment on acquisitions, but it is believed to be investigating the possibility of buying part of Aerolíneas Argentinas, which is up for privatisation.

The way is open for expansion of trade and investment, says Mr Alan Tabbush, chairman of the British chapter of the Argentinian-British Joint Committee for Trade and Investment. But, he adds, "a lot depends on the economic circumstances in Argentina.

Mr Tabbush pinpoints two areas for investment. First, some privatised state entities are attractive opportunities, in particular the more internationally oriented such as the telephone company and the airline. Second, new projects can be profitable where they have a strong export potential, and so are aside from the domestic economy's woes. The foreign investment structure is very liberal, her says, and does not discriminate between foreign and domestic capital, allowing permitting both 100 per cent ownership in nearly all sectors.

The Argentinians are keen to seek private investment from the UK and Europe, and they also hope for a co-operation agreement with the European Community to facilitate links. But, Mr Tabbush admits, "it's difficult to persuade people to invest in a country with galloping inflation."

Daimler-Benz takes over Mexican lorry maker

By Richard Johns in Mexico City

DAIMLER-BENZ has taken majority control of Fábrica Autotransportes Mexicana (FAMSA), the Mexican lorry manufacturer, having raised its stake from 49 per cent to 80 per cent.

It has bought – over the past year and without publicity – shares from Grupo Hermes, the conglomerate built up by Mr Carlos Hank Gonzales, Agriculture Minister since early this year and a former Tourism Minister.

Mr Ernesto Warnholz, a member of Famsa's executive committee, confirmed here the acquisition of the shares by the West German motor company but said the amount paid to Hermes was secret.

Daimler-Benz is planning a significant expansion of its activities here, with the production of new commercial vehicle lines at FAMSA's plant at Toluca, 36 miles from here.

Although FAMSA lorries might carry the Mercedes star, Mr Warnholz said that the assembly of cars was "only a very remote possibility".

Talking about his recent visit to Bonn and Cologne with President Carlos Salinas de Gortari, Mr Jaime Serra Puche, Commerce and Industry Minister, said that West German investment in the country's auto industry, worth the equivalent of $800m, was in prospect. Volkswagen is known to be contemplating an investment of $500m. The $300m balance would probably be accounted for by Daimler-Benz.

● As Ford continued to rehire workers who were dismissed last week at its Cuautitlan plant, near Mexico City, leaders of the dissident workers responsible for the recent five-week closure of the plant have warned of a strike if the whole labour force were not remployed by today.

No more Mr Nice President

By Lionel Barber in Washington

PRESIDENT George Bush's sensitivity to criticism is well-known, but he has reacted with barely concealed outrage to charges that he is involved in deception and news management.

Aboard Air Force One, flying to Colombia to attend a regional drug summit, Mr Bush delivered a message to the White House press corps: No More Mr Nice Guy.

He refused to confirm or deny he had received a call from President Mikhail Gorbachev, or President Virgilio Barco of Colombia, declined to confirm whether he had agreed a date for a superpower summit, and even refused to reveal how many hours he had slept on board the aircraft.

The president feels he is the victim of media abuse. This week, several correspondents have complained that Mr Bush has misled them.

Last Monday, he denied that talks on German reunification were in the offing. Twenty-four hours later, it was agreed. Reporters then recalled Mr Bush's denial last year that he planned to meet Mr Gorbachev (he did, in Malta); or that he planned a surprise in his State of the Union address (he did – troop cuts in Europe).

OVERSEAS NEWS

Mandela reiterates nationalisation policy

By Patti Waldmeir in Soweto

MR Nelson Mandela, the released leader of the African National Congress, yesterday defended the ANC's policy of nationalisation in comments which may further unsettle South African financial markets.

Speaking in the garden of his Soweto home to a group of local and foreign journalists, Mr Mandela also explained comments made in an earlier BBC interview in which he said the ANC military wing reserved the right to target government installations.

"What I said yesterday was merely to restate the established policy of the ANC," he said. "I was not talking about what is going to happen tomorrow or in the future."

The ANC was not prepared to suspend violence now, he said. However, he failed to clarify the conditions under which such a suspension could be expected in future.

As Mr Mandela was speaking, evidence emerged in a South African court which could prove severely embarrassing for the Mandela family.

Police testifying in the murder trial of members of the so-called "Mandela United Football Club" – a group of youths who acted as bodyguards to Mrs Winnie Mandela, the ANC leader's wife – say they discovered a "hit list" in Mrs Mandela's home when they searched it to investigate the murder of a teenage activist, had been postponed until May. No reason was given.

In yesterday's comments to journalists, Mr Mandela reacted to concern in the South African business community over his repeated statements of support for nationalisation.

These have provoked sharp falls in Johannesburg financial markets since he was released from prison last Sunday.

Nationalisation, Mr Mandela said, was "part of the history of this country." Afrikaner Governments had used nationalised industry to boost the economic power of whites in the past.

"But now that the challenge from blacks seems to be so strong . . . the whites are saying 'let's privatise' because they want to keep wealth to themselves," Mr Mandela argued. "We can't take advantage of privatisation. You can," he added.

Yesterday Mr Mandela emphasised the ANC's willingness to compromise on what he called "fundamental issues" once negotiations with Pretoria begin, adding that he was convinced the two sides could remove remaining obstacles to talks.

the death of Mr Maxwell Madondo, a "club" member.

Seven club members are on trail in the Rand Supreme Court for Mr Madondo's murder. It was also announced yesterday that the trial of a further club member, former "coach" Jerry Richardson, for

MORE than 10,000 white South Africans gathered last night in Pretoria's City Hall in the biggest display yet of opposition to the Government's recent political reforms, Patti Waldmeir writes from Pretoria.

The rally, organised by the ultra-right Conservative Party, which won a third of the white vote at last September's parliamentary election, was called to protest against the release of Mr Nelson Mandela and the decision to unban the African National Congress and other proscribed groups.

Jesse Jackson (second left), the US human rights leader, and his wife, Jacqueline (right), meet Nelson and Winnie Mandela in Soweto yesterday morning

Cheney cash plea to S Korea

By John Ridding in Seoul

MR Richard Cheney, the US Defence Secretary, yesterday called for a substantial increase in South Korea's contribution to the cost of stationing US forces on the Korean peninsula, but said that any troop withdrawals would be on a gradual and limited basis.

Mr Cheney said that details had still to be worked out but US officials indicated that Washington was seeking a doubling in South Korea's contribution from about $300m to about $600m. An estimated 5,000 – non-combat – troops are expected to be withdrawn from South Korea out of a total of 43,000.

The cut includes 2,000 to be withdrawn under the recently announced closure of three US air bases.

Mr Cheney's statement followed talks with Mr Lee Fang Hoon, the South Korean Minister of Defence. The talks are the first part of a regional tour in which Mr Cheney is seeking ways to cut US defence expenditure as part of US budget negotiations. Mr Cheney will also visit Japan and the Philippines.

Despite the call for an increased Seoul contribution, he emphasised the US commitment to the defence of South Korea.

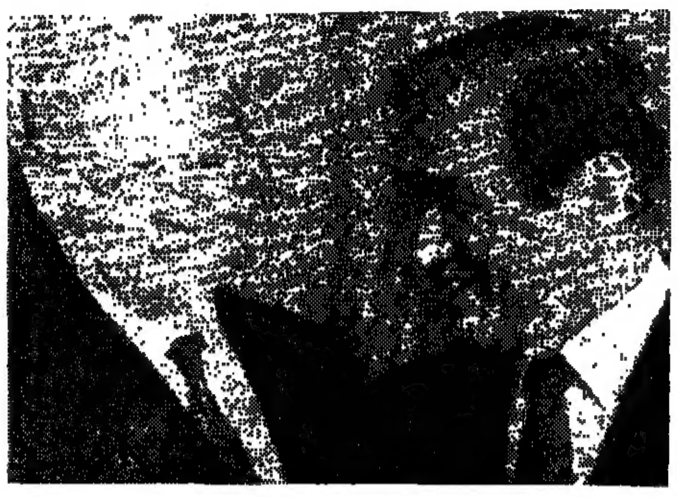
He said that the threat from the north was unchanged and US troops would stay in South Korea "as long as the threat remained and/or the South Korean people want them here".

Mr Lee said that he accepted in principle the idea of a gradual cutback of non-combat troops and said that South Korea was willing to consider increasing the budget within the limits of its ability.

However, he said that South Korea's low per capita GNP - in comparison with Japan and *West Germany - should be taken into consideration before* any increase.

The two sides also discussed the transfer of operational control of their combined military forces on the peninsula to South Korea. Currently, South Korea's 600,000 troops are under the ultimate command of the top US commander in the country.

The talks were described by both sides as an early stage in the process of negotiations. The scale of cutbacks and the increase in South Korea's *expenditure will now be discussed by a four-member joint* committee.



Defence Secretary Cheney introduces President Roh Tae-woo to the US delegation before talks about US troops in South Korea

HK legislators upset by China-UK accord

By Michael Marray in Hong Kong

HONG KONG legislators have reacted with dismay to the deal on the pace of development of democracy in the colony agreed between Britain and China.

They said that it failed to reflect the wishes of the people of Hong Kong and made a mockery of the Basic Law consultation process under which several years were spent gathering views locally.

Mr Martin Lee, outspoken lawyer and legislative council member condemned what he described as a secret deal on Hong Kong's future between Britain and China as a shameful act of surrender.

Mr Lee who was expelled from the Basic Law Drafting Committee last October because of his outspoken criticism of the Peking regime in the wake of the crushing of China's pro-democracy movement asked: "Why has Britain decided upon a policy of appeasement when people in Hong Kong have so clearly stated that only by sticking to the joint declaration and establishing democracy before 1997 could Britain halt the emigration and confidence crises here?"

Mr Jimmy McGregor, a member of Hong Kong's Legislative Council said, though he understood the difficulties the UK faced in dealing with China, given the current mood of the Peking leadership he was none the less disappointed that Britain had disregarded the views of the people of Hong Kong. "I find it hard to believe that Britain has not been able to stand firm," he said.

Sir David Wilson, Hong Kong's Governor said that, although Britain and China were involved in discussions to reach agreement on a political structure, it was up to the drafting committee to vote on the final blueprint.

China amends Basic Law to curb 'subversion'

By John Elliott in Peking

CHINA yesterday underlined its determination to try to stamp out political dissent in Hong Kong when it pushed through amendments in the territory's proposed Basic Law which will outlaw subversion and curb political links with *foreign pressure groups*.

An attack on Britain's proposed passports and right of abode package for Hong Kong people was also among other amendments approved during the final plenary sessions of the Peking-dominated drafting committee of the law, which will form Hong Kong's mini-constitution after China regains sovereignty in 1997.

Provisions confirmed yesterday specifically prevent people entitled to a foreign right of abode from holding a series of top legislative and executive posts after the handover. This could undermine the effectiveness of the scheme to persuade key people to stay on.

The provisions on subversion and political links are two of a series of controversial clauses whose importance has been eclipsed by the main debate on the introduction of democracy in Hong Kong.

Drafters yesterday approved the democracy model negotiated this week by Britain and China, which provides for only 20 seats to be directly elected in the 60-seat legislature.

The anti-subversion reference has been added to a clause which bans acts of treason, secession and sedition. Subversion was mentioned in the original April 1988 draft of the law but was dropped in the February 1989 second draft in response to Hong Kong protests. Following Hong Kong's massive support for last June's Tiananmen Square student movement, it has been reinserted and enlarged with the ban on foreign political links.

Other clauses which have not been debated in detail this week because of the preoccupation with the development of democracy include the independence and jurisdiction of Hong Kong courts and the freedom of the post-1997 legislature to change economic and taxation policy.

Foreign investment in property up

By Chris Sherwell

NEWLY-CALCULATED figures by Australia's Bureau of Statistics have confirmed anecdotal evidence of an escalating surge of foreign investment in Australian residential property.

The figures, released this week, estimate such investment has risen from A$626m (£279m) in the year to June 1987 to A$2.28bn in 1987-88 and A$5.1bn in 1988-89.

By September 1989 the figure had risen further to some A$5.5bn.

The trend will sustain a simmering controversy within Australia, where popular attitudes tend to be against foreign investment generally and against non-residents' purchases of residential property in particular.

The bureau made its calculation because a growth in real estate approvals by the Foreign Investment Review Board and "increasing speculation in some sections of the Australian community" suggested investment in real estate was increasing.

In addition, the size of the so-called balancing item in the country's balance of payments was growing strongly.

This suggested that unidentified capital inflows had arisen from such investment, it said.

According to the bureau, its previous statistics only captured foreign investment in Australian real estate *which had been conducted through corporations already operating* in the country.

Easing of monetary policy adds to poll fever in Australia

By Chris Sherwell in Sydney

A SECOND easing of monetary policy in a month and continued disarray within the opposition have heightened expectations of an imminent call for a general election in Australia.

Mr Bob Hawke, the Prime Minister, was last night considering his options. A go-ahead today would mean an election on March 24, but an alternative under consideration is said to be April 7. The last possible *date is May 12.*

Mr Hawke will be seeking a record fourth successive victory for his Labor party over the opposition Liberal and National party coalition led by Mr Andrew Peacock.

Speculation about an election has risen to fever pitch over the past 48 hours following Mr Peacock's sacking of a senior shadow minister, Mr Austin Lewis, and publication of an opinion poll showing his personal approval rating had slumped to 18 per cent.

Mr Lewis, deputy opposition leader in the Senate, or upper house, was sacked for outspoken remarks criticising the opposition's presentation of policy and forecasting that Mr Peacock would not survive another election loss.

The opinion poll showed Mr Peacock had been overtaken by Mr John Howard, the man he overthrew last year in an internal coup, and was languishing far behind Mr Hawke. The poll reflected negative perceptions about the opposition's recent embarrassing climb-down over its health policy.

Yesterday's announcement by the Reserve Bank, Australia's central bank, that it was acting to ease cash rates in the money markets by 0.5 of a percentage point, simply reinforced expectations of an election.

The Bank's action follows the milestone decision of January 23 to ease the restrictive *monetary policy which the* Government began imposing around March 1988.

In explanation, it pointed to further evidence that demand was declining and said the easing balanced the need both to contain inflation and prevent an excessive slowdown.

Dr John Hewson, the shadow Treasurer, denounced the move as a "blatantly political act", but others suggested the Bank was trying to avoid such accusations by acting before the election campaign got under way.

In response Westpac Banking Corporation, one of the big four commercial banks, promptly announced a 0.5 point drop in its key indicator lending rate to 19.5 per cent. But a pre-election drop in politically-sensitive mortgage rates remains unlikely. On the foreign exchange markets, the Australian dollar initially dipped, but finished the day at 57.6 on a trade weighted basis (May 1970=100), compared with 57.7 at Wednesday's close.

France writes off all its Kenyan official debt

By George Graham in Nairobi

FRANCE has agreed to wipe out FFr1.38bn (£138m) of official debt owed by Kenya, Mr Pierre Bérégovoy, the French Finance Minister, announced in Nairobi yesterday.

Mr Beregovoy said the measure was in line with the policy announced by President François Mitterrand in Dakar last year of cancelling debts by African low income nations.

He said that it was important for the countries of the European Community to reassure their African partners that the upheavals in eastern Europe would not mean a reduction in their aid effort for Africa. "There can be no question of ignoring Africa just because things are happening in eastern Europe. I think Africa may even benefit from the opening up of the east," Mr Beregovoy said.

Kenya's total foreign debt, including private sector credits, is estimated at over $5.4bn, and its debt service burden takes up around 35 per cent of its total exports.

West Germany last year cancelled its outstanding debts from Kenya, totalling DM8.17m (£2.9m).

The minister, who is in Kenya to visit the controversial Turkwel hydroelectric dam being constructed by a French company, Spie Batignolles, in the north of the country, also signed a protocol providing a further FFr136m of credits to finance irrigation works downstream from the Turkwel dam.

ANC silence in Lusaka

By Mike Hall in Lusaka

EXECUTIVE committee members of the African National Congress, in their second day of talks in the Zambian capital yesterday seemed determined to keep a vow of silence on the outcome of their discussions so far.

Mr Tom Sebina of the organisation's information department continued to fend off gaggles of foreign journalists who gathered in hotel lobbies waiting for briefings.

Those officials willing to talk said claimed President FW de Klerk's reforms were only symbolic. What was the good, they asked, of unbanning the ANC and the South African Communist Party if there were still laws that prevented them from operating freely in South Africa?

India's trade deficit down sharply

By David Housego in New Delhi

INDIA recorded a sharply improved trade performance during the first nine months of the current financial year (April-December), with the deficit declining by 16 per cent to Rs55.1bn (£1.9bn).

The improvement suggests that the managed depreciation of the rupee is having an effect and it is likely to diminish somewhat the pressures for further import curbs in advance of the Budget.

The reduced trade deficit is the result of both accelerating exports and a reduction in imports. Exports over the nine months grew by 38 per cent to Rs192.5bn. In dollar terms the increase was 20 per cent.

Imports rose by 20 per cent in rupee terms over the same period last year to Rs247.7bn. In dollar terms the increase was only 3.7 per cent. Though government figures for the current account deficit take longer to appear, estimates are that the deficit could decline by 13 per cent to $5.2bn.

The slowdown in imports is in part due to a fall in capital goods imports which are suffering from their high cost.

It also seems to reflect the deceleration in industrial growth during the April-November period.

There are signs that there has been a pickup in industrial activity since November, with government economists forecasting that industrial growth could end the year at 6 per cent – substantially lower than in 1988-89, but better than previously forecast.

Japan's money-driven election gets into top gear

Ian Rodger reports on how the country's voters are able to cash in on an old political tradition

IMAGINE waking up in the morning and finding a £20 note in an envelope in your post box. Or biting into a pork pie and feeling your teeth *munching on a £50 note*. Or opening a box of chocolates to discover a £50 note hidden among the bonbons.

In Japan's money-driven election tradition, these events have long been commonplace, as politicians of the ruling Liberal Democratic Party (LDP) tried frantically to find ways to *get around legal restrictions* against bribing voters. According to a chilling internal party proverb, "A candidate who spends Y500m (£2.1m) on his campaign will win, one who spends only Y300m will lose."

There was some hope that public disgust with the influence-peddling Recruit scandal *last year, would make party* leaders a bit more diffident in the current general election campaign. Indeed, they have refrained from some of the more flamboyant practices of the past, such as throwing huge Y25,000 a ticket fund-raising parties. But they appear to have become even more aggressive than before in appealing to the business community for funds, pointing out that without sufficient funds, the dreaded Socialist opposition might win the election.

Early in the campaign, allegations emerged that party leaders had raised some Y30bn *(£125m) from business associations* and companies, roughly double the amount raised for the 1986 election. LDP officials issued feeble denials to the allegations, but company executives have privately confirmed them. The sting was

JAPANESE ELECTIONS

apparently applied with particular vigour on manufacturers of cars and consumer electronic products because those *companies have benefited* handsomely in the past year from the elimination of luxury taxes on their products. They were reminded that if the Socialists came to power, they would restore the luxury taxes.

Similarly, the distribution of money to buy votes *is still* being carried out with abandon, especially in rural areas where personal contacts remain much more important than ideology, and a show of wealth is evidence that a politician has power and can be helpful in the future.

In one case which came to light yesterday, envelopes containing a Y5,000 note and a letter from a local LDP candidate seeking support were delivered to 60 homes in the Kobe area. Police have confirmed that they are investigating.

In other constituencies, there have been reports of Y10,000 notes stuffed in onigiri, rice balls wrapped in seaweed paper that are popular among Japanese as snacks, and packed in boxes of confectionery given out by politicians.

As with so many peculiarities of the Japanese political system, the importance of *money in election campaigns* arises largely from the country's multiple seat constituency structure. In order to win a majority of seats in the Diet, a party must win more than one seat in many constituencies. That means candidates of the same party must compete against each other. However, since they all represent the same policies, they have to find other ways to differentiate themselves one from another.

Splashing out with large amounts of money demonstrates that a man has the means to get things done. It *also builds personal loyalty* that can be called on at subsequent elections. In the wake of the Recruit scandal LDP leaders promised repeatedly to introduce reforms to reduce the importance of money in politics, but nothing was done and the party has become silent on the subject of reform during the current campaign.

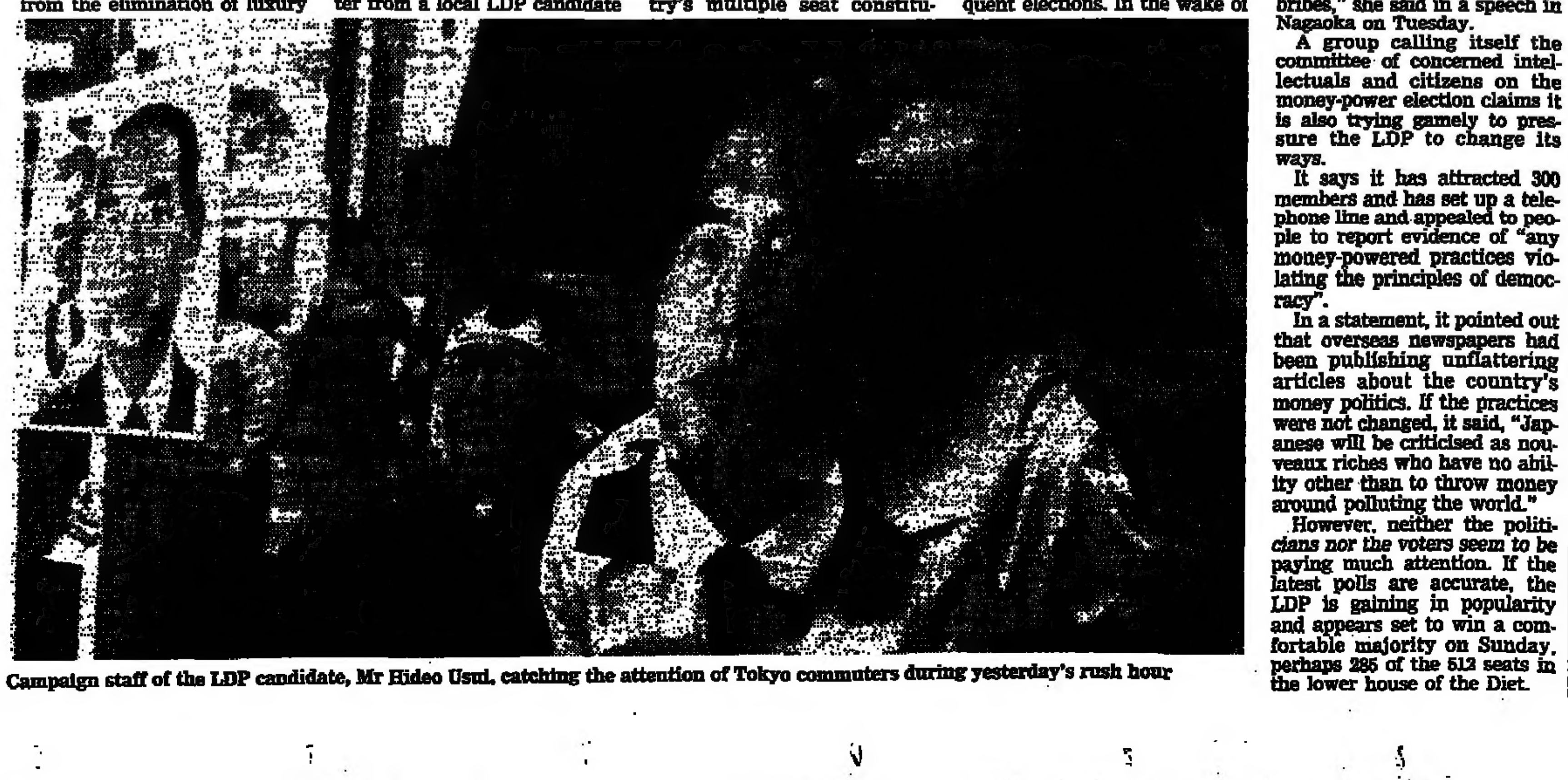
JSP leader, Mrs Takako Doi, is trying gamely to keep the reform issue alive, seizing every opportunity to attack the LDP for its corrupt ways. "How can you collect that vast amount of money in an ordinary way? *I am not the* only one who thinks they accept bribes," she said in a speech in Nagaoka on Tuesday.

A group calling itself the committee of concerned intellectuals and citizens on the money-power election claims it is also trying gamely to pressure the LDP to change its ways.

It says it has attracted 300 members and has set up a telephone line and appealed to people to report evidence of "any money-powered practices violating the principles of democracy".

In a statement, it pointed out that overseas newspapers had been publishing unflattering articles about the country's money politics. If the practices were not changed, it said, "Japanese will be criticised as nouveaux riches who have no ability other than to throw money around polluting the world."

However, neither the politi*cians nor the voters seem to be* paying much attention. If the latest polls are accurate, the LDP is gaining in popularity and appears set to win a comfortable majority on Sunday, perhaps 285 of the 512 seats in the lower house of the Diet.



Campaign staff of the LDP candidate, Mr Hideo Usui, catching the attention of Tokyo commuters during yesterday's rush hour

Chiang dynasty may try for comeback in Taiwan

By Peter Wickenden in Taipei

A LAST-DITCH attempt by Taiwan's Old Guard mainland Chinese elite to put a member of the Chiang family in power may slow down the island's rapid progress towards democracy.

Many aged members of the National Assembly are disappointed with President Lee Teng Hui's choice of his chief secretary, Mr Li Yuan Zu, as his running mate in presidential elections in March. The hardline nationalists, who themselves were elected in 1947 and still dominate the National Assembly, dream of recovering China from the hands of the Communists and are nostalgic about the authoritarian rule of Chiang Kai Shek and his son Chiang Ching Kuo.

The size of this frail but dogged faction is still not clear but local papers say it is easily large enough to give Chiang Kai Shek's son General Chiang Wego the 100 endorsements needed for nomination to run for President.

The group announced on Tuesday that it plans to nominate Gen Chiang as presidential candidate, and Mr Lin Yang Kang, the Taiwan-born head of the judiciary, to run for the vice-presidency.

Opposition fears that the Chiang dynasty might be revived were increased when Gen Chiang said in a television interview on Wednesday that he would run for office if nominated.

Meanwhile, the opposition Democratic Progressive Party has put up its own candidates for the presidency and vice-presidency even though they have no hope of getting 100 endorsements.

India leaves Airbus jets flying

THE INDIAN Government and French investigators on Thursday ruled out grounding A320 Airbus aircraft before they have discovered why one of them, only two months old, crashed killing 90 people, Reuter reports from Bangalore.

Six French experts and two from the company that made the A320's engines joined Indian investigators in Bangalore, southern India, to exam*ine the wreckage of the Indian* Airlines aircraft which came down just short of the city's airport on Wednesday.

Jean-Paul Villeneuve, of the French government's accident investigation bureau, told Reuters: "We are looking at everything. I'm here to take preventative security measures to avoid another accident."

Asked if he would advise makers Airbus Industrie to recall A320s, he said: "It'll depend on the evidence gathered here."

Airbus Industrie, which has so far supplied 15 A320s to the domestic carrier Indian Airlines, is based in Toulouse, France.

The Airbus consortium comprises France's Aerospatiale, West Germany's Messerschmitt-Boelkow-Blohm, British Aerospace and CASA of Spain. The engines are built by International Aero Engines, a multi-national consortium.

WORLD TRADE NEWS

US supercomputer export controls move leads to row

By Louise Kehoe in San Francisco

US GOVERNMENT proposals to liberalise export controls on supercomputers could increase restrictions on exports of a wide range of US-made computer equipment including desktop workstations and even computer chips, according to US computer industry executives.

At public hearings conducted by the US Commerce Department this week computer executives criticised the proposed rules.

At issue, they said, was the US Commerce Department's definition of the term "supercomputer". While this is widely understood to apply to the multi-million dollar high performance computers built by Cray Research and a few Japanese computer manufacturers, the proposed regulation uses only the speed of a computer to determine whether it should be covered by the stringent export rules on supercomputers.

The proposal defines supercomputers as any machine with a speed of more than 100 Megaflops (million floating point instructions per second). All computers above that speed would require special export licences.

Computers with a performance level of either over 300 Megaflops or over 150 Megaflops, depending upon which country they are exported to, would also require special safeguards to ensure that the equipment is not re-exported to a forbidden destination.

The problem is that rapid advances in technology have produced microprocessor chips with speeds above the supercomputer limits. Similarly, some desktop workstations, mini-supercomputers and other categories of high performance computers are likely to be caught in the net.

Most current models of supercomputers have speeds well beyond 300 Megaflops, with some reaching beyond one Gigaflop.

Japan to investigate bid rigging at US air base

By Robert Thomson in Tokyo

JAPAN's Fair Trade Commission has begun searching the offices of Japanese electronics and construction companies following claims in the US Congress that Japanese companies have colluded to rig bids for a US telecommunications project.

Officials at the commission say that NEC Information Technology, a subsidiary of NEC, the technology company, won a large portion of contracts worth Y2bn ($14m) a year to supply and repair telecommunications equipment for a US air base at Yokota, near Tokyo. An NEC spokesman said that investigations would prove its innocence.

US trade officials have condemned the use of 'dango' - collusion among companies in determining bid levels and even contract winners. They say it limits opportunities for foreign companies in Japan, particularly in the construction market.

The problem was highlighted by a previous investigation into bid-rigging at US bases in Japan, resulting in about 100 Japanese companies agreeing to pay compensation totalling Y4.7bn after admitting to playing varying roles in fixing 178 contracts over three years.

A commission spokesman said that the searches followed a preliminary decision that the Yokota case is worth an investigation, which is likely to take between three and six months.

Six companies, including NEC Information Technology, have confirmed that their offices have been searched.

The commission has been under pressure from the US to increase pressure on bid-rigging and toughen its approach to breaches of anti-monopoly laws.

Aérospatiale in Far East helicopter deal

By Paul Betts, Aerospace Correspondent, in Singapore

AEROSPATIALE, the French state-owned aerospace group, signed an agreement yesterday to develop – with the China National Aero Technology Import and Export Corporation (Catic) and Singapore Aerospace – a single-engined, light, multi-purpose helicopter.

Development of the new four-to-five-seat helicopter, called P120L, is expected to cost about FFr1bn (£104m). The first flight is scheduled for 1993 and commercialisation for 1996.

Aérospatiale will assemble the new helicopter in France and have a 54 per cent work share in the programme. Catic will have a 30 per cent share and Singapore Aerospace 16 per cent.

Mr Jean-François Bigay, head of Aérospatiale's helicopter division, said the joint venture would enable China and Singapore "to join the club of helicopter-makers."

The helicopter is designed as a successor to the Gazelle and Lama marques, and a complement to the Ecureuil. The three partners aim to sell 1,500 to 2,000 new P120Ls over 10 years period on the civilian and military markets.

● After a delay of more than two years, France, West Germany and Britain have given the go-ahead for development of a joint weapon-locating radar for their armies, expected eventually to cost more than £500m. Italy is expected to join the project, known as Cobra (Counter Battery Radar), this year, reports David White, Defence Correspondent.

A £100m development contract has been awarded to a team – Thorn EMI of the UK, Siemens of West Germany, Thomson-CSF of France and General Electric of the US. This group had emerged as the preferred choice over two rival consortiums which included GEC-Marconi and Ferranti International of the UK.

The system, designed to find targets for artillery and rockets, had been meant to enter service in the early 1990s, but it is expected to be another six years before development is completed.

Long in the tooth and high on insurance claims

The ageing of the world's shipping fleet is forcing up premiums, reports Patrick Cockburn

INCREASING losses to the world merchant fleet since the shipping depression ended in 1987 is forcing Protection & Indemnity Clubs, the shipowners' mutuals which provide liability insurance, to raise rates by 50 per cent and is driving smaller clubs into mergers with larger ones.

At first sight the reasons behind the increase in claims look simple enough. During the prolonged slump in shipping in the mid-eighties ships were often laid up or poorly maintained. Shipowners saved money at sea by ordering their captains to steam slowly. In port they economised on training for crews.

Most important, few new ships were ordered and as a result the average age of ships rapidly increased. In the ten years to 1989 the percentage of vessels under ten years old has dropped from 62 to 36 per cent. By 1992 40 per cent of the world fleet then trading will be over 15 years old.

With greater use of ships losses have inevitably risen. For instance the UK P & I Club, managed by Thomas Miller & Co and much the largest of the clubs, providing liability cover for a quarter of the world's fleet, saw its claims rise from an average of about $170m a year before 1987 to $230m a year since.

According to Mr Rex Palmer, chairman of Thomas Miller P & I, the increased losses are spread across the board: injury or death of crew members or passengers, loss or damage to cargo, damage to fixed and floating objects such as bridges and docks. As with Lloyd's policies liability is unlimited except for oil pollution where it has traditionally been capped at $400m.

Some of these increased claims were expected and stem from the upswing in the shipping cycle but over the last year the P & I clubs have begun to suspect that losses have reached a new plateau from which they are unlikely to decline. As Mr Stephen James, senior underwriter and deputy chairman of the UK P & I, points out, courts – and not just in the US – have become more generous.

The Exxon Valdez oil spill in Alaska, in particular, has evidently raised the cost of any tanker causing pollution. Not surprisingly the International Group, through which P & I Clubs arrange their reinsurance, has organised a further supplement of $200m per incident pollution cover for 1990 at the request of shipowners, though underwriters are also edgy about oil pollution claims.

Their nervousness may increase with the recent oil spill caused by the tanker American Trader off the California coast for which cover was provided by the Gard club of Norway. Despite heavy reinsurance the increased cost of any spillage is bound to affect primary insurers.

For the P & I Clubs this higher level of claims has already had two main consequences. When policies are renewed on February 20 – the date when in the Baltic could be guaranteed sufficiently ice-free to allow safe navigation – shipowners will pay 50 per cent higher premiums. Secondly the smaller clubs are concerned that they may not have enough members to spread the higher level of risk they face in the 1990s.

The result is likely to be a shake out in the number of clubs doing business. As from February 20 one small club, the Sunderland, with only 2.8m tonnes gross tonnage, will, in effect, be absorbed into the UK P & I club.

A further consequence for the clubs may be further down the road. They are not the only insurers providing cover to world shipping and commercial marine underwriters are also being hit by higher claims and low premiums. The Institute of London Underwriters, which groups 118 companies providing marine and aviation insurance, says that in 1989 gross claims exceeded premiums by £500m.

The big difference between commercial insurers and the P & I Clubs is that the shipowners who belong to the latter are their own underwriters. They are therefore in a position to do what marine syndicates at Lloyd's would like to do but have failed to in the 1989/90 renewal season, which is to raise rates.

As a result, for the first time, some shipowners will be paying more for their P & I liability than they will for their hull insurance. For some underwriters this is clearly tempting, particularly if they can steer clear of the problem areas such as tankers or ferries.

Other underwriters feel that they already participate in club business through reinsurance and do not possess the specialist staff necessary to process complicated claims. They may also feel that, with fundamental changes taking place in the legal and political climate affecting liability awards, this is not the moment to take their first steps in an increasingly risky business.

Hong Kong shipping fleet among top five in world

Hong Kong's merchant shipping fleet grew by 6.7m deadweight tonnes last year to 64.5m dwt, a 9 per cent share of world tonnage, making the colony one of the top five shipping nations, owning 1,130 ocean-going vessels, writes Michael Marray in Hong Kong.

Most Hong Kong-owned vessels are registered under flags of convenience, and the threat of US sanctions against Panama before last year's invasion led to 46 of the 356 Hong Kong-owned Panamanian-registered ships being reregistered. Two of the beneficiaries of the change were Vanuatu and the Marshall Islands.

Some 136 ships were listed on Hong Kong's registry, part of the British register. At the end of this year Hong Kong is to have its own register. Mr Michael Farlie, director of the Hong Kong Shipowners Association, forecast that more locally-owned ships would move to Hong Kong registration with the removal of restrictive regulations.

Trade and aid fears at Asean/EC meeting

By Lim Siong Hoon in Kuching

FUTURE relations between the Association of South East Asian Nations (Asean) and the European Community after the creation of the European single market in 1992 are the main concerns at the ministerial meeting between the two groups opening today in Kuching, Sarawak.

Asean ministers are anxious too about the impact developments in Eastern Europe will have on EC development aid to their countries.

The community has indicated it may revise its financial dealings with Asean – Malaysia, Indonesia, Thailand, Singapore, Philippines and Brunei – and has so far given only verbal assurances that aid would not be reduced. After Japan, the EC is Asean's second most important source of development aid, providing $2.4bn in 1987. A further complicating factor for Asean's developing agricultural and forestry industries is that conservation is now written into the EC's development aid clauses.

Many Asean ministers regard the European single market as potentially protectionist. This market, worth Ecu12bn (£8bn) in 1988, is Asean's third largest.

However, Mr Albert Maes, the EC's delegation chief in Malaysia, thinks many of the fears are misplaced. Creating the single market makes the market more competitive, he said. "And Asean is one of the world's most competitive markets." For proof, Mr Maes points to the growing trade balance in Asean's favour since 1986.

Asean's possible economic counterweight to a changing Europe is the new Asia-Pacific Economic Co-operation (Apec) which groups 12 countries: the Asean six, Japan, Australia, South Korea, the US, Canada and New Zealand. It was founded in Canberra at the end of last year. Yesterday Asean reaffirmed support for Apec's goals which include an open multilateral trading system.

Mr Maes said the the EC endorses multilateralism and is watching Apec's progress carefully. Just as Asean fears the single market could be protectionist some countries fear Apec could easily turn into a protectionist trading bloc.

EC money for Eastern Europe, he said, was "conditional aid" coming out of an extra budget not affecting contributions to Asean in absolute terms although the relative status quo could not be guaranteed.

On environmental issues, where Malaysia has been accused of plundering its jungles for money, there is no common ground. "We are not looking for a solution," said Mr Maes. The rationale for the environmental element in aid decisions "simply must be increased," he added.

Comecon nations 'free to join other economic groups'

By Christopher Bobinski in Warsaw

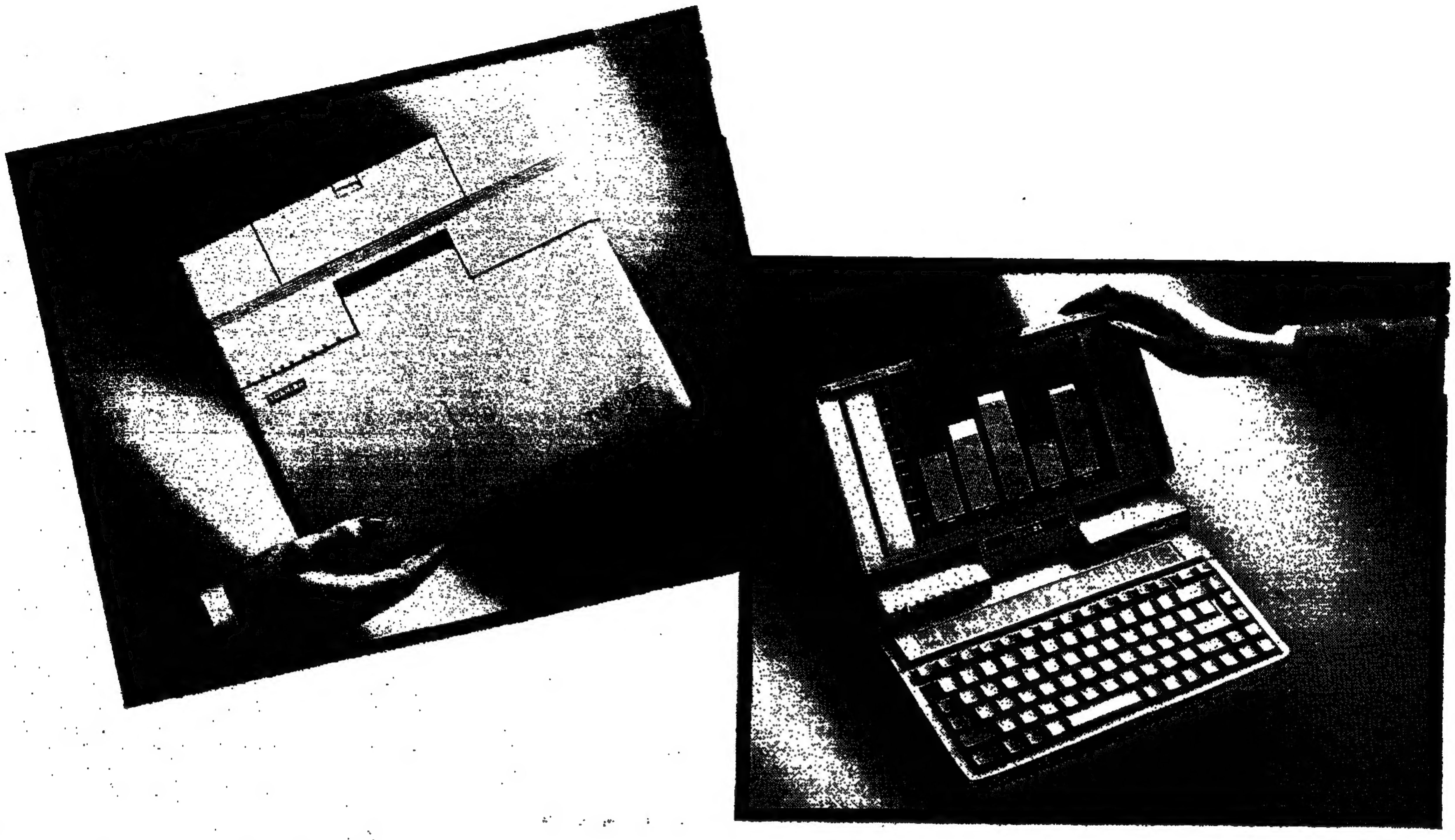
THE SOVIET Union appears loathe to deprive Comecon of the right to make agreements with other groupings like the EC. This emerged at a recent meeting of a committee set up to propose reforms of the Soviet-dominated trading group.

At the meeting Polish delegates repeated that membership of Comecon should no longer preclude involvement in other economic groupings and that such agreements should be arrived at by member countries on a bilateral basis.

Hungary and Czechoslovakia also backed the Polish stance that Comecon should no longer automatically grant preferential terms to Third World members such as Cuba, Mongolia and Vietnam, a position the Soviet Union continues to favour, but that aid should be dispensed on a bilateral basis.

At the Moscow meeting the committee elected Mr Erne Kemenesi, the Hungarian planning minister as its chairman, a move seen as a victory for Comecon's market-orientated members. The reformers also managed to establish that the committee should be independent of the Comecon bureaucracy in Moscow.

Good looking or hard working?



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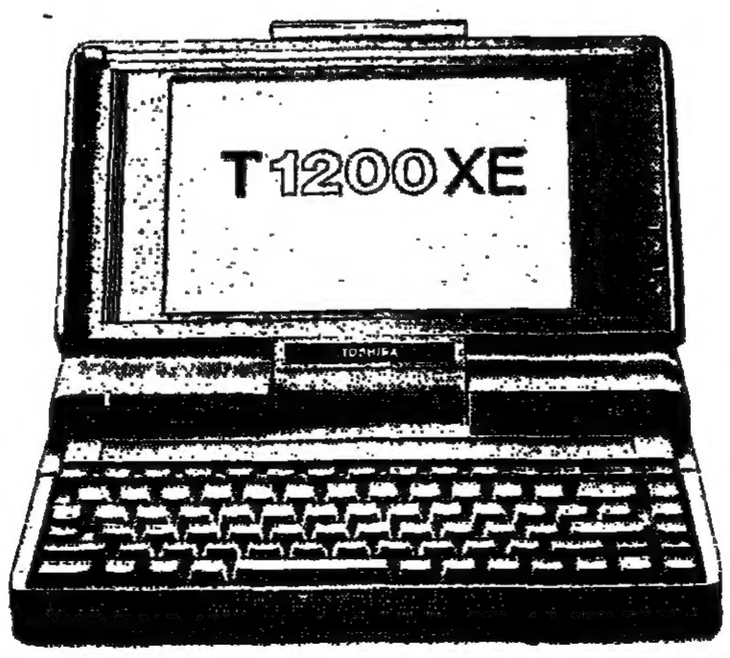

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TOSHIBA

New measures at airports aim to placate customers

By Jimmy Burns

BAA, the privatised British Airports Authority, yesterday announced plans to introduce a new package of measures aimed at placating airlines, hoteliers and passengers who have over the last year complained, mainly about the high rents and fees.

The authority, which owns and operates London's main hubs Heathrow and Gatwick and several regional airports, said the package will include a commitment "to allow airlines to make certain specialist developments".

Foreign carriers with routes into Heathrow have complained in the past at the high landing fees commanded by the airport, the world's busiest in terms of international flights.

With the aim of improving customer service and quality, BAA is also promising to extend the introduction of high street brand names at airport shops while maintaining substantial minimum discounts on liquor and tobacco goods.

Following the announcement, the Office of Fair Trading said it would not be asking the Monopolies and Mergers Commission to carry out an enquiry into the possible abuse by BAA of its monopoly position.

Sir Gordon Borrie, the Director General of Fair Trading said he welcomed the company's assurances as a "step in the right direction" which would avoid the need for an immediate enquiry.

He pointed out however that under the terms of the Airports Act 1986, a review by the MMC of BAA's operations would be carried out towards the end of the year.

BAA's shares closed yesterday up 12p at 386p. This was in contrast to last May when news that the Office of Fair Trading was investigating the BAA led to a fall in the company's shares.

BAA said last night that it was making "continuous efforts to give good value and good service" to the 70m passengers that pass through its seven airports per annum.

It also gave an undertaking that Car park charges will not rise by more than the inflation rate for a two year period commencing on April 1 1990, and that there be an increase in the number of competing outlets in catering, banking and retailing.

The Board of Airline Representatives and the Association of Heathrow Hoteliers said, however, there was no room for complacency and that they would continue to keep a watchful eye on BAA's pricing policy over the next few months.

Most of the complaints received by the OFT have been from bus companies which are charged for journeys to and from airports.

The BAA has in recent weeks modified its original proposals for bus and coach charges.

W Germany, Sweden, Denmark, Netherlands, Norway complain about UK record

Britain to halt all North Sea dumping in five years

By John Hunt, Environment Correspondent

IT WILL BE five years before Britain will be able to phase out all industrial dumping in the North Sea, the British delegation told a meeting of officials from the 13 countries of the Oslo Commission on Dumping in London yesterday.

Five of the nine types of liquid wastes will be phased out within a year, however. Dumping of some of the others will cease in less than five years.

But Britain remains the only signatory of the North Sea Conference agreement to continue dumping. Under the agreement, implemented by the commission, dumping should have ended by the beginning of the year.

At yesterday's meeting West Germany, Sweden, Denmark, the Netherlands and Norway complained that the UK is still dumping. They objected to four dumping licences of which one has been withdrawn. The three others permit 51,000 tonnes of waste to go into the North Sea each year.

Britain argues that it is still conforming to the terms of the agreement which permit dumping where there is no practical altnative on land and the materials pose no risk to the marine enviroment.

But the five countries maintained their objections and the British officials agreed to report back to Mr John Gummer, Minister of Agriculture, who issues dumping licences.

Mr Chris Patten, the Environment Secretary, is likely to come in for criticism when he defends Britain's position at the third North Sea conference in The Hague in March.

Mr Paul Horsman, Greenpeace campaigner, said last night: "Britain was in a minority of one at yesterday's meeting. There was tremendous pressure on the UK and nobody supported its position."

In a communique issued after the conference Britain said it is fully committed to phasing out dumping alternative waste disposal methods. It said that all delegations expressed their appreciation of these efforts.

Fall in unemployment, output sluggish and interest rates stay high

Figures suggest economy slowing

By Rachel Johnson and Philip Stephens

UK UNEMPLOYMENT figures for January yesterday provided the first clues that the jobless total may soon grow to reflect the slowdown in the economy.

Although seasonally-adjusted unemployment dropped by 23,000 to 1.61m last month, there were strong signs that the 42-month uninterrupted fall in unemployment could be at an end.

Other figures announced yesterday also suggested that sluggish output was cooling inflation – which dominates the financial policies of the Government led by Prime Minister Margaret Thatcher and Mr John Major, the Chancellor of the Exchequer.

The employment figures follow Government announcements that interest rates, including those on home loans, would remain high until inflation was declining.

Unease among Conservative MPs over the political implications of an economic slowdown and the high interest rates was underlined by backbencher Sir Anthony Grant, who identified home owners and small businesses as the two groups "excessively" affected by the battle against inflation, and emphasised "the need for the battle is not their fault but that of the Government".

Rising unemployment, which many economists have predicted will happen in earnest in the third quarter of this year, has already hit some sectors.

The manufacturing industry laid off 6,000 workers last month, bringing the total fall in the manufacturing industries in the 12 months to December 1989 to 49,000, compared to a rise of 42,000 in the previous 12 months.

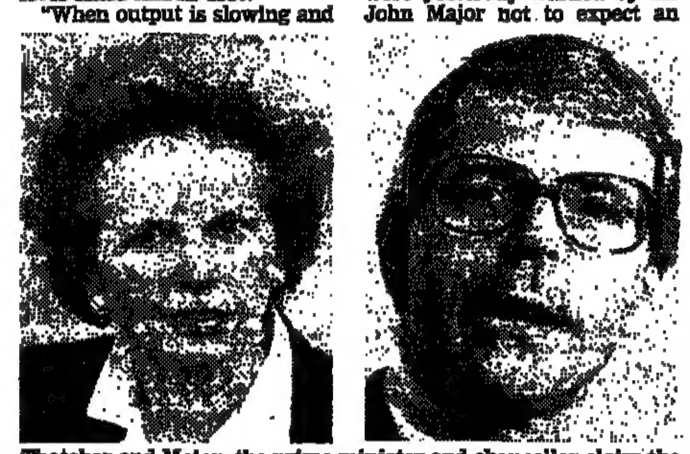
Though the unemployment rate dropped to 5.7 per cent, from December's 5.8 per cent, an accompanying drop in overtime gave the City additional evidence that employment might cease to rise.

Figures released by the Department of Employment showed that average earnings in December rose by an unchanged 9.25 per cent. But productivity growth in manufacturing dropped to 3.3 per cent in December, from 3.5 per cent the month before.

The unchanged earnings reflected a fall in overtime, together with the decision of many companies not to award Christmas bonuses.

The number of overtime hours worked a week in manufacturing was 12.5m, the lowest level since March 1987.

"When output is slowing and firms taking on fewer workers, overtime is quick to fall. The next stage is laying-off work," said Mr Roger Bootle, economist at Midland Montagu.



Thatcher and Major: the prime minister and chancellor claim the main economic priority is inflation despite yesterday's figures

Without adjusting the figures for seasonal factors, there was a 48,000 rise in the number of people out of work last month: the second such monthly rise.

The seasonally-adjusted monthly drop in unemployment narrowed from last year's monthly average fall of about 31,000.

Mr Michael Howard, the Employment Secretary, welcomed yesterday's figures as further proof of the Government's successful campaign to tackle unemployment. But he warned against falling productivity and rising unit wage costs.

"Our manufacturing unit wage costs continue to rise faster than a number of our international competitors. Moderation in pay remains essential if future job prospects are not to be put at risk," he said.

The Department of Employment said that wages and salaries per unit of output were 4.5 per cent higher in the three months to December than in the same period last year.

Mortgage payers, meanwhile, were yesterday warned by Mr John Major not to expect an early fall in borrowing costs as the latest rise in rates deepened the gloom among the Government's supporters at Westminster.

Mr Major's comments came amid signs that the decision earlier this week by the Abbey National to raise its rate for one million borrowers to 15.4 per cent had unsettled the Prime Minister.

Pressed in the House of Commons by Mr Neil Kinnock, the Labour Party leader, to explain the record level of borrowing costs, Mrs Thatcher appeared to acknowledge that the Government had to shoulder some of the responsibility.

The rate rise also heightened concern among ministers that the Government risks a dramatic defeat in next month's by-election in Mid-Staffordshire, and further heavy electoral losses in the May local elections.

Mr Major, who is thought to have ruled out tax cuts in his first Budget on March 20, said that it would be "attractive" but "unwise" to predict an early fall in interest rates. Borrowing costs could be reduced only when inflation was falling and when he was confident that it would continue to do so.

Delivering a relaxed performance despite the unease on the Conservative backbenches, he appeared less than enthusiastic about calls from some supporters for a rise in the £30,000 ceiling on mortgage interest relief.

Such an increase has long been favoured by Mrs Thatcher, but faces fierce opposition from the Treasury establishment.

Mr Major gave the same message on interest rates during in a 20-minute discussion of the economy at yesterday's Cabinet meeting. He was said to have combined it, however, with assurances that the latest indicators showed that the policy of squeezing demand in the economy was beginning to work.

Conservative MPs fear that the damaging impact of the latest mortgage rate rise will be compounded in April by the introduction of the poll tax and by above-inflation increases in water and electricity charges.

One Cabinet minister predicted "massive losses" in the local elections, while party managers said that they were resigned to a period of deep unpopularity lasting until well into the summer. The opinion polls show Labour has now a lead of between 12 and 15 points over the Conservatives.

The rise in borrowing costs, though regarded in the Treasury as both inevitable and, in some respects, welcome, strengthened the view of Conservative backbenchers that Mr Major should resist any rise in income tax in the Budget.

Leukaemia in children may be tied to N-work

By David Fishlock, Science Editor

CHILDHOOD leukaemia in the vicinity of the Sellafield factory of British Nuclear Fuels in Cumbria, north west England, may be associated with their fathers' exposure to radiation at work.

The link is suggested by a study published yesterday of leukaemia and lymphoma in young people living in West Cumbria.

Responding to the study by the Medical Research Council's Environmental Epidemiology Unit at Southampton University, the Government has asked its advisory Committee on the Medical Aspects of Radiation in the Environment (COMARE) to consider it urgently, although two more follow-up studies of other nuclear sites are still being made.

But the British Medical Journal, which publishes the study today, also comments that no such association has been found among survivors from the Hiroshima nuclear explosions, who were exposed to much greater amounts of radiation than were ever permitted at Sellafield.

The study, led by Prof Martin Gardner, documents an association between the raised incidence of leukaemia and non-Hodgkinson disease, and the level of radiation dose received by the father before the child was born, over the period 1950-85.

It also finds a similar but weaker association among employees in the chemical, steel and agricultural industries.

Dr Adam Lawson, BNFL's chief medical officer said it showed radiation was not the only cause of leukaemia.

Of 74 cases of leukaemia in West Cumbria, only ten were in children whose parents had worked at the nuclear factory.

NEWS IN BRIEF

BSB forced to stagger satellite TV launch

BRITISH Satellite Broadcasting executives decided on a two step launch for the five channel satellite television venture because of initial shortage of receiving equipment.

The satellite consortium will launch its programme service on March 25 but aimed initially only at cable television networks. This means that BSB will, to begin with, only be available in the 80,000 or so homes subscribing to modern multi-channel cable networks. The main national launch of the £1.3bn venture will come on April 29.

Food plan rejected

The Government rejected a proposal to force catering premises, butchers and meat processors and food preparers using certain higher risk methods to be licensed before they open for business.

The Government believed instead that most of the food businesses in question should only have to register with a local authority before they open for business, allowing early inspection by environmental health officers.

Britons die in crash

A British businessman and his wife were among 92 passengers who died when an Indian Airlines Airbus crashed in southern India.

Mr Michael Bell, 55, a director of Coats Viyella, the biggest textile group in Europe, was flying with his wife Jennifer, 53, on business from Bombay to Bangalore.

BAe suspensions

British Aerospace (BAe), the aircraft manufacturer, yesterday suspended 300 employees after they refused to cross picket lines and work at its Preston plant.

The suspensions bring to 835 the number of BAe workers at two nearby plants who have been laid off for refusing to work normally done by the plant's striking workers.

Mortgage pledge

Barclays, the largest of the Big Four clearing banks, yesterday pledged that it would hold down its mortgage interest rate until May 1.

Barclays will only put up its standard mortgage interest rate – currently 14.75 per cent – before then if the Government raises banks' base rate.

Pollution control

The operations of the free market rather than tougher regulations must have an increasing role to play in the Government's policy to reduce environmental pollution, said Mr Chris Patten, the Environment Secretary.

Heal's closures

Storehouse, Sir Terence Conran's BHS, Mothercare and Habitat retail group, is closing four of its six Heal's furniture and furnishing stores. The closures will affect the jobs of 90 people, but the group said it would try to redeploy them elsewhere.

Divided over football

Football supporters are sharply divided on the issue of all-seater stadiums, according to a report commissioned by the Football League. The survey showed that 47 per cent of supporters favour the idea, while 44 per cent are against.

Nation of readers

No less than 78 per cent of the British population say they have bought a book in the past 12 months and only one family in ten has less than 10 books in the, according to a survey. The average book ownership for all homes is 200.

Gestetner buys part of Nashua for £90m

By Andrew Bolger in London

GESTETNER Holdings, the UK office equipment group, said yesterday it would pay £90.6m ($152m) for the non-US operations of Nashua's Office Systems Business, which also services and supplies photocopiers and facsimile machines.

Nashua, a US company based in New Hampshire, is an international distributor of office equipment and supplies, with subsidiaries in 14 countries and agents in a further 26. Almost 70 per cent of the OSB sales are in Europe.

Gestetner and Nashua's OSB both put their own label on copiers and facsimile machines made by other manufacturers. Together they will control almost a third of this private label copier sector, which accounts for about a third of the European copier market.

The deal will be partly funded by a £65.2m rights issue, on the basis of one 180p share for every two existing shares. Gestetner will assume £21m of OSB debt. Its shares closed down 4p at 209p.

AFP, the UK-registered Australian investment company, took management control of Gestetner in 1986 when it bought a 14 per cent stake in the company and subscribed "nil paid" for £115.5m of convertible loan stock.

AFP will provide £42.5m towards the Nashua acquisition. It will pay up, on completion of the agreement, its remaining holding of convertible unsecured loan stock and take up its entitlement to the rights issue. The net effect of the deal will give AFP a 48 per cent stake in the enlarged Gestetner group.

Gestetner said that although OSB as a whole experienced more difficult trading conditions in 1989, particular problems were experienced in the Netherlands, where management had been changed. The Dutch subsidiary was now trading profitably.

Based, in part, on its discussions with the Nashua management, Gestetner believed that OSB could achieve a material improvement in profitability in 1990 as compared with 1989.

Nashua has given warranties that OSB made pre-tax profits before net interest of not less than $13.1m on sales of $400m in 1989 and had net assets of $122.2m on December 31.

Lex 18

Bank releases figures after Australian sale

By David Barchard

YORKSHIRE BANK, the small Leeds-based banking group whose sale to National Australia Bank was completed this week, yesterday published details of its financial performance for the year ending 31 December 1989

Pre-tax profits of £70.8m, 13 per cent up on the previous year were revealed three weeks ago when Yorkshire Bank's previous owners, National Westminster, Barclays, Lloyds, and Royal Bank of Scotland announced the sale of the bank for just under £1bn to National Australia.

A strategic review of the bank's future inside the National Australia Group is to get under way next month. Yorkshire is examining scope for co-operation with Clydesdale and Northern, the other National Australia banks in the UK.

It emerged yesterday that four foreign banks – two from Australia and two from Europe – had been in the running to buy the bank. Mr Sunderland said that he was pleased that Yorkshire Bank had been bought by an Australian group with similar banking traditions to those of the UK.

Mr Graham Sunderland, group managing director said: "The results are perhaps not our usual form but I am confident that we can continue to outperform the sector." He said the bank's results would have been about £10m higher without exceptional items including a special bonus of £7m to the staff by the outgoing shareholders and £2m in costs incurred during the raising of subordinated debt to recapitalise the bank.

"Our cost-income ratio of 57 per cent is among the best in the industry." Mr Sunderland said. However it was slightly higher than the 55.6 per cent ratio of 1988.

The bank's total assets rose from £3.18bn to £4.05bn, while lending was up from £1.884bn to £2.42. Mr Sunderland described the bank as very liquid on both sides of its balance sheet.

Charges for bad and doubtful debts were up from £15.8m to £18.2m. Mr Sunderland said that Yorkshire Bank was making fairly substantial provisions against bad debts because its provisioning levels were governed by set formulae and came into force automatically.

Proposal to grant court power over jury awards

By Alison Smith

DAMAGES awarded by juries in libel cases could be curtailed by new powers for the Court of Appeal, Lord Mackay, the Lord Chancellor announced yesterday.

He has put down an amendment to the Courts and Legal Services Bill, which contains the Government's plans to overhaul the legal profession, to enable the Court of Appeal to substitute its own sum – either higher or lower – for the amount set at the original trial.

Such decisions by the Court would then serve as "benchmark" awards, which could be drawn to the attention of juries in future cases.

At present, the Court of Appeal can only substitute its own amount of damages if both parties to the action agree, or if it orders a new trial.

The new proposals would avoid involving both parties in the cost and delay of a re-trial.

Lord Mackay refused to be drawn on the particular cases which had led to the "justified criticisms" made about the way the law of defamation works in practice.

Last year Mrs Sonia Sutcliffe, the wife of the serial murderer known as the Yorkshire Ripper, was awarded £600,000 after the satirical magazine was found to have libelled her by alleging falsely that she had sold her story to a newspaper -this was reduced to £60,000 by the Court of Appeal.

Row over tunnel vision reaches showdown

Andrew Taylor on the internal wrangles disrupting work on the Anglo-French rail link

THE repeated rows between between Mr Alastair Morton, Eurotunnel's combative joint chairman, and the contractors building the Channel tunnel between England and France, are moving towards a fascinating showdown.

Relations between Eurotunnel and the contractors have reached the stage where, if it was being played out on the set of a Hollywood western, the gunslingers from rival ranches would be glaring at each other across the street as the rest of the town holds its breath waiting to see who will back down and who will fight.

In previous confrontations the contractors have appeared to turn aside rather than risk a more serious rift with Eurotunnel. They feared this might finally exhaust the patience of the 200 international banks financing this costly epic.

But now the five British and five French construction companies contracted to design and build the project are refusing to sign an amended construction agreement which would free £400m of temporary finance negotiated last month between Eurotunnel and the banks.

The banks have declined to release any more money until the construction agreement is signed. To complicate matters further the consortium of construction contractors has started legal proceedings in France against Eurotunnel for non-payment of money owed to the contractors in February.

The contractors are objecting to management changes at Eurotunnel which would make Mr Morton chief executive as well as deputy chairman of the group. They are highly critical of Mr Morton's adversarial approach which they say has made it very difficult to devise common solutions to problems of mounting costs.

There were signs yesterday that some of the banks were becoming frustrated by the breakdown in relations between contractors and Mr Morton.

"At every step of the way, there seem to be problems and some of us feel that the best solution would be for Morton to step down," said one bank lender yesterday. "It seems to me," said another, "that he's looking for the red card."

The construction companies insisted last month that management changes be made at Eurotunnel as a precondition to signing the new agreement. They had hoped that the appointment of a chief executive would act as a buffer between them and Mr Morton.

They had not expected that Mr Morton, who has repeatedly blamed the contractors for delays and increased costs, would be proposed as chief executive.

The contractors, which are barred by their contract from replying publicly to Eurotunnel's criticisms, were said to be "spitting mad" when they were informed of the board changes on Monday.

Divisions between Mr Morton and the companies run far deeper than the normal suspicions which exist between client and contractor. Relations with Mr André Benard, Eurotunnel's French joint chairman, have also been difficult but have failed to generate the same amount of public rancour.

The British and French cochairmen of Eurotunnel both mistrust the way in which the Channel tunnel project was founded by a group of banks and construction companies whose primary aims were to make profits out of the building contract and by lending money to the project.

They like to point out the construction contract was negotiated when Eurotunnel consisted of little more than the founding bank and construction shareholders.

They say the contractors, which prepared the original design concept and sanctioned ground conditions surveys for the project, should be made responsible if their costing of the works was inadequate. They have insisted the construction companies should pay a large part of the extra costs.

The cost of building the project has soared to £7.2bn compared with an original forecast of £4.8bn.

Suspicion of the contractors led Eurotunnel to appoint a large construction team of its own to watch over the operation of the construction contract.

"We found that we were having to appoint additional managers, just to communicate with Eurotunnel," said one contractor. Eurotunnel, has said it intends to reduce its construction management team by about a quarter as part of a cost cutting exercise, agreed with the contractors and banks.

The construction companies say costs have risen because Eurotunnel has repeatedly changed the specification of the project to take account of improvements in operational, safety and security procedures required after a series of fatal rail accidents in Britain and France.

"Costs inevitably have risen, but instead of jointly trying to resolve these problems, Eurotunnel has spent its energy arguing about whose fault it is," say the contractors.

Mr Morton claims one of the problems of the project is its fast track design which meant construction got underway before all the final designs are completed. This type of construction while saving on time, and therefore interest payments in a privately financed project, provides a great deal of room for argument and litigation about what was contained in the original design brief and what was added subsequently by the client.

At least £400m of claims by the contractors against Eurotunnel have been identified to go to arbitration.

What particularly irritates the contractors is the way in which Mr Morton has criticised them publicly, damaging their international reputation. They recognise however that Mr Morton, who was a key figure in raising the initial £5bn of bank funds and £1bn of equity for the project, is likely to play an important role in raising the additional finance which will be needed to complete the tunnel.

World building centre plan for London landmark

By Jimmy Burns

A MULTI-million pound planning proposal to convert London's semi-derelict Battersea Power Station into the world's largest trade centre for the construction industry is being considered by Wandsworth Council.

A public consultation next Tuesday will also consider a revised planning application by Mr John Broome's Alton International Group will also be discussed. Previous plans for a theme park have been dropped.

The trade centre proposal, based partly on the US concept of a trade mart, has been made by City Industrial (CIL), a construction and property group.

Initial conceptual and design work has been carried out by Hutchinson and Partners.

CIL proposes that the power station's 1.25m sq ft of space incorporate a trade showcase, with individual units and large, and flexible spaces for special exhihibtions and events.

It would also provide training facilities for the construction industry and a building museum aimed at stimulating public interest in the trade.

CIL's chairman, Mr Sam Morris, said yesterday he was confident that there was growing public and political support for the project which he estimates will cost about £85m.

Mr Morris said he expected 50 per cent of the cost would be covered by equity contribution and Government grants.

The rest he would seek to raise through a syndicated loan.

A report submitted by CIL to the Wandsworth Council states: "1992 will see the harmonisation of European standards in construction-the single market.

Battersea could become a Mecca for international construction, and could be expected to draw interest from all over the world."

The power station is one of Europe's largest remaining brick buildings and a London landmark recognised throughout the UK. It stands at a prominent position on the River Thames dominating the skyline downstream from central London.

It was bought by Mr John Broome from the Central Electricity Generating Board in 1987 but development work on the site was stopped in March last year after his initial project encountered unforeseen cost over-runs.

Mr Broome's revised application is for the conversion of the Power Station into a theme park with adjoining hotels, 2.2m sq ft of offices and 65,000 sq.ft of shops.

An initial survey of local opinion conducted by Wandsworth Council is believed to have shown majority support for CIL's proposal on environemntal grounds.

Sir Paul Beresford, Tory leader of Wandsworth Council, who in recent years has ben a supporter of Mr Broome's project, said this week, however, that he was sceptical about CIL's ability to raise money for his project.

TECHNOLOGY

Putting a curb on the Trojan horse

Anxiety about the security of their computer systems has prompted many of Europe's largest companies to join a new organisation dedicated to combatting the problem.

The European Security Forum, set up by the management consultants Coopers & Lybrand Deloitte, has attracted 65 corporate members in 11 countries and its subscription income exceeds £800,000 a year. The list of members includes Alcatel and Credit Agricole, of France, Midland Bank and Sun Alliance, of the UK, and the Dutch Ministry of Justice.

The forum is a response to companies' increasing awareness of the vulnerability of their computer systems to threats ranging from simple human error to assaults by hackers and fraudsters.

Concern has been intensified by the publicity given to attacks on computer systems involving the planting of "viruses" or "Trojan horses", programs designed to cause havoc once loaded into a computer's memory.

Recently, thousands of personal computer users were sent information about the disease AIDS on diskette. The genuine program hid a Trojan horse designed to disrupt the system unless blackmail was paid. Very few of the recipients loaded the program so the damage was limited.

Nevertheless, between 70 and 90 per cent of commercial companies are still asleep to the dangers of poor computer security, says Alan Stanley, the forum's project manager. Less than 1 per cent of organisations have taken all possible steps to protect their systems.

Although forum members are alive to the dangers, only two of the 65 operate completely rigorous security procedures. Their principal interest is in ways of controlling access to computer systems, especially where different kinds of computer, geographically dispersed, are linked together.

The forum's research projects include: risk analysis, the security of microcomputers in a network and safeguards for electronic data interchange.

Alan Cane

Lynton McLain explains how Lotus is using sound waves to make a car purr

Loudspeakers that kill the noise

Noise is more than a pain in the ear. Companies could face legal action if they breach the European Community noise directive, which lays down limits for daily exposure to certain levels and requires noise to be assessed and controlled.

Britain's Noise at Work Regulations brought the UK into line with the rest of the EC this year, with threats of fines and imprisonment for breaches of the new rules. The accompanying guidelines urge manufacturers and designers to "make sure noise is included in design specifications."

Cars are among the first products to be designed with noise control in mind. They are required to meet external noise tests, and passenger comfort dictates that internal noise levels should be kept down.

A consequence of cars becoming smaller and lighter, through the substitution of materials such as plastics for metal, is that sound insulation may be minimal. Extra weight or padding in the body could deaden noise, but only at certain frequencies, and in any case it diminishes the fuel-efficient benefits of lightness.

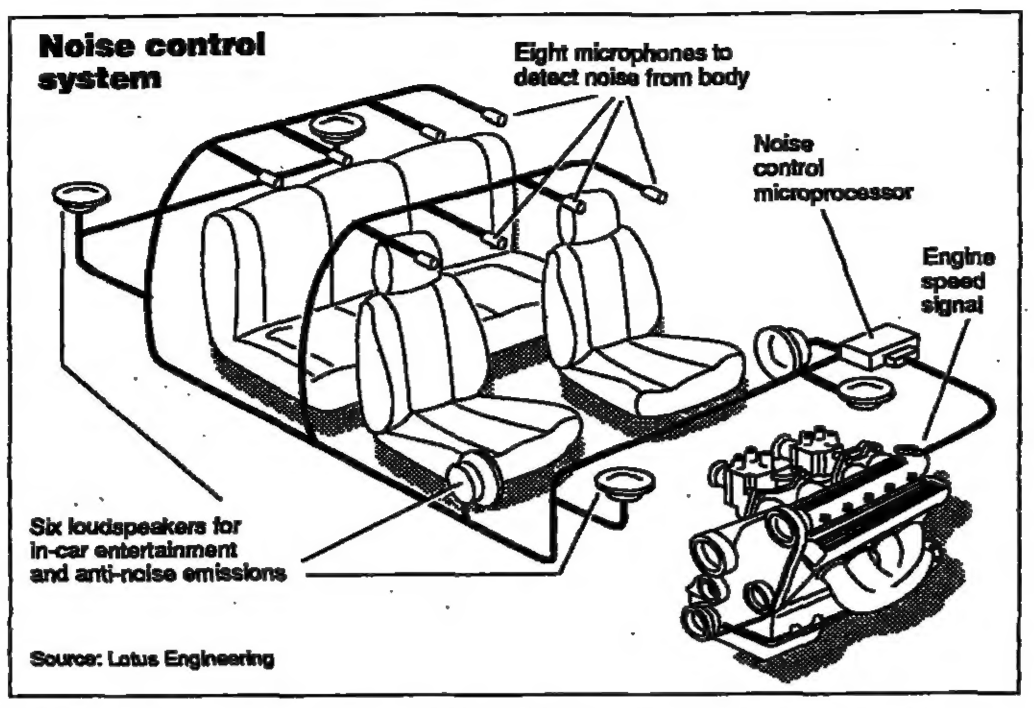
A developing branch of technology – called anti-noise – uses noise to cancel out noise. It can take some startlingly paradoxical forms, such as a quiet car with a loudspeaker the size of the roof.

Lotus Engineering, part of the Norfolk sports car company owned by General Motors of the US, is considering fitting vehicles with just such a loudspeaker and has tested cars with a series of small speakers dotted around the interior.

Although either system could provide the ultimate in in-car entertainment, Lotus is thinking about loudspeakers as the ultimate in combatting noise. Its design would combine a stereo music system with anti-noise technology.

Paul Harvey, a principal engineer in the noise, vibration and harshness department at Lotus's Hethel headquarters, says: "We see the use of anti-noise controls as a way to make light, small cars quieter. It is no good having an ultra-light material if it makes a car twice as noisy."

To understand how anti-noise works, imagine noise as a wave in the air. Superimpose another wave of the same length and power on top of the first, but with the peaks and troughs in opposing positions, or out of phase. The two waves cancel each other.



With sensors to detect the offending noise and electronic controls to emit the cancelling wave, the loudspeaker system could make Lotus cars purr quietly, like contented cats.

Lotus Engineering has taken the technology furthest in cancelling engine noise, although it is applicable to other parts of a car and in controlling industrial noise. Lotus bought a Citroen AX, as an example of a small light car, to carry out experiments in anti-noise technology. Typically, a car of this size produces low-frequency noise in the range 30 cycles per second (Hz) to 250 Hz.

The control system involves monitoring the speed of the engine in revolutions per minute and feeding this data to a microprocessor.

In a typical four-cylinder engine, each revolution is accompanied by two sets of vibrations because two cylinders fire to make the crankshaft turn once. Each firing of a cylinder causes a vibration at a particular frequency. The noise-detection computer multiplies the speed of the engine by two to provide the frequency information to calculate the correct anti-noise response.

Eight tiny (5 mm diameter) microphones fitted around the passenger compartment monitor the scale (amplitude) of noise inside the car and the phase of the sound waves. This information is fed to the microprocessor, which combines it with the frequency determined by the engine speed.

It then sends out-of-phase signals to a series of loudspeakers, which emit the signals to cancel the equivalent sound waves from the noisy car body.

Several loudspeakers are fitted because noise comes from different parts of the car body at different speeds. The aim is to cancel all noise at all speeds, making it quieter everywhere in the car.

In a test using weights to deaden the sound compared with the anti-noise system, Lotus found that in a large diesel-engine car, a 50 kg mat spread over the entire rear floor reduced noise by only 1½ decibels. The Lotus system, in contrast, cut 15 decibels.

Lotus calls the technology "adaptive noise control" because the computer is able to adapt to the changing noise and vibration conditions created by rapidly changing engine speeds. The company worked on the system with the Institute of Sound and Vibration Research at the University of Southampton.

Initially, research was carried out using a person as the "adaptive noise control computer," changing the amplitude and phase of the loudspeaker signal in response to low frequency noise, which was displayed on an oscilloscope as a wave pattern. He or she would select the equivalent out-of-phase wave.

Lotus has also turned its attention to cancelling road noise. Accelerometers, devices which measure rates of change of velocity, are fitted to the front and rear suspension systems to detect vibrations caused by the road surface.

Melody Stokes, another principal engineer for noise research at Lotus, says the signals pass to the computer and "tell it what to do before the noise even gets to the inside of the car."

Analysis of the many sources of noise in a car using semi-anechoic chambers (with echo free walls and ceiling), such as the new £2m chambers at Lotus, helps designers to position the microphones and loud speakers to best effect.

The anti-noise and anti-vibration control technology can be extended to other parts of the car, through "active" engine mounts and the cancelling of exhaust and inlet noise. Indeed the system could be integrated so that, for example, engine vibration countered exhaust noise.

Lotus Engineering this month signed collaborative engineering ventures with two West German companies, Blaupunkt, the in-car entertainment manufacturer, and Carl Freudenberg, engine mounting specialist, to design and make adaptive noise and vibration systems suitable for mass production.

Blaupunkt has been licensed to make the Lotus adaptive noise control system. Michael Kimberley, chief executive and managing director of Group Lotus, says: "This collaboration with Blaupunkt will speed the progress of integration with the in-car entertainment system, enabling rapid introduction of active noise control into production cars."

Lotus and Carl Freudenberg will develop active engine mounts and control systems. Conventional mounts are a compromise: if they are too stiff, engine vibrations are absorbed while transmitting noise to the car body; if they are too soft, they absorb power from the engine.

To allow rigid mounting – for better drive control – without vibration, Lotus is developing a novel system. The details are still secret, but it is understood to involve a large transducer fitted between the engine and its rubber mount, with the transducer vibrating out of phase with the engine to cancel the engine vibrations. It is being fitted to a high-power car ready for testing at Easter.

An advanced variation of this involves allowing the engine mount to vibrate the entire car roof out of phase with the engine, so cancelling car body vibrations.

Lotus predicts that by the mid-1990s, anti-noise systems may be just another electronic chip in the in-car entertainment unit. And the loudspeakers could be structural – designed into the car body.

'Tea-bag' catalysts brew up new production methods

In a basement in London's Mayfair, a research team is demonstrating a technology that it believes will revolutionise the manufacture of chemicals.

It is developing new types of solid catalyst, which could obviate the need to use such agents as corrosive acids, which have to be carefully controlled to prevent pollution. There could also be opportunities to replace more dangerous catalysts, such as hydrofluoric acid and phosgene.

The work was explained last night in the Bakerian lecture to the Royal Society by Professor John Thomas, a director of the Royal Institution and its Davy Faraday Research Laboratory, which specialises in understanding the new microcrystalline catalysts.

"I'm excited because we now understand how to assemble certain kinds of solid catalyst, and those kinds also have commercial significance," he says.

Among the companies providing half his research budget of about £750,000 a year are BP, ICI, Royal Dutch-Shell and Unilever. The rest comes mostly in grants from the Science and Engineering Research Council.

The solid alternatives to such time-honoured liquid catalysts as sulphuric and phosphoric acid – commodities consumed in millions of tonnes – are dry, free-flowing powders a million times more potent, says Thomas. Unlike the liquid acids, these solids can be tuned to make precisely the molecule required for a chemical process.

Scientists have recently become aware of several remarkable families of solid catalyst. Du Pont discovered one that would make the powerful oxidant hydrogen peroxide by directly joining hydrogen and oxygen. If this could be done where this industrially vital – but explosive – oxidant is needed, instead of it having to be transported, the world would be a safer place.

Many of the new catalysts he demonstrated last night are still of scientific interest only. But they are models for testing a new approach to catalysis. Catalysts are accelerators which eventually emerge unchanged from the chemistry, even though they may speed up an extremely sluggish process to almost explosive rates of reaction.

The remarkable thing about the new catalysts is their micro-pores, close to the size of atoms, which offer an enormous surface area in which the chemistry can occur. They have quite unexpected properties. At very low temperatures – 200 degrees below freezing – they may "quiver like a jelly," yet still survive if cooked to bright red heat. This suggests they will be very robust.

Their pores can be "tiled" with selected molecules to provide the desired catalytic activity and specificity. Only molecules of a particular size will be able to pass though the pores for conversion.

Thomas calls it "tea-bag catalysis" – the tea is the catalyst and the bag acts as the porous solid. "We're not there yet. We need bigger pores, more stability, the right molecules."

He points to such industrial uses as that of Italy's EniChem, which makes hydroquinone, used in photography, with a titanium-treated catalyst of this kind.

At the Royal Institution, Thomas has focused work on these micro-crystalline catalysts, which are barely known to industry although they promise to eliminate many of its more environmentally troublesome intermediates.

He works closely with government laboratories such as Daresbury, with its powerful X-rays from synchrotron radiation, and the Rutherford Appleton, with neutron beams that can penetrate steel "test tubes" under high pressure and temperature.

Thomas's team has shown that both X-rays and neutrons can be used to follow tea-bag chemistry while it is happening inside the micropores. The laboratories can also plug into powerful computers elsewhere to sift the myriad of recipes available for some of the potential tea-bags.

"Let nobody think that the age of small science is dead," says Thomas.

David Fishlock

FT LAW REPORTS

Collision case goes ahead in UK

THE PO
Queen's Bench Division
(Admiralty Court):
Mr Justice Sheen:
February 9 1990

COLLISION proceedings may be brought in the UK, though the defendant ship's owners are domiciled in another EC country, if she could have been arrested in the UK but avoided arrest by the provision of security.

Mr Justice Sheen so held when refusing an application by owners of the defendant ship, the PO, to stay a collision action by the plaintiff owners of the Bowditch.

HIS LORDSHIP said that the plaintiffs claimed damages for loss suffered by reason of a collision between their ship, the US Navy ship Bowditch, and the defendant Italian merchant ship, PO. The court had jurisdiction to hear the claim by virtue of section 20 of the Supreme Court Act 1981.

On September 30 1988 the plaintiffs issued a writ *in rem* out of the Admiralty and Commercial Registry. The writ was properly served on the PO on October 6 while she was in the port of Southampton.

PO was not arrested in Southampton because her P&I club, by letter of guarantee, undertook to pay any sums found due to the plaintiffs by a competent court. The defendants reserved the right to challenge the jurisdiction of the English court on grounds of *forum non conveniens* "or any other grounds, if any." Service of the writ was acknowledged.

At that time letters of guarantee were frequently offered, to avoid the expense and disruption caused by the arrest of a ship. Solicitors habitually accepted such security in claims mentioned in section 20(2) of the 1981 Act, without appreciating the trap into which they might fall if the offending ship was owned by a company domiciled in one of the European Community countries.

If the shipowners were so domiciled, an action could not be maintained against them in the UK unless one of their ships had been arrested, or they had expressly agreed to submit to the jurisdiction of the English court (see *The Deichland [1989] 2 Lloyd's Rep 113*).

On January 13 1989 the defendants applied for the action to be stayed on the ground that the case could be tried in Brazil more suitably for the interests of all the parties and the ends of justice.

The application had not been heard before the defendants' solicitors became aware of the Court of Appeal decision in *Deichland*.

That decision appeared to give the defendants grounds for moving the court to declare that it had no jurisdiction to determine the dispute because proceedings ought to have been brought in Italy, where the owners of the PO were domiciled.

Accordingly, the defendants served a second notice of motion. Both were now before the court. The first concerned the effects of the 1968 EC Convention on Jurisdiction. If the defendants' submissions on that motion were well-founded the court had no jurisdiction to entertain the action.

If the claim had come within the Admiralty jurisdiction otherwise than arising out of a collision, it would have fallen fairly and squarely within the *Deichland* decision, and the court would have stayed the action.

But counsel for the plaintiffs submitted that different considerations applied because it was a claim arising out of a collision. They submitted that the court should refuse a stay. They reserved the right to contend in a higher court that *Deichland* was wrongly decided.

The Civil Jurisdiction and Judgments Act 1982 gave the 1968 Conventions the force of law in the UK. Section 3(1) provided that any question as to its meaning should be determined in accordance with European court principles. Section 3(3) provided that reports of Mr P Jenard and Professor Peter Schlosser in the Official Journal of the Communities might be considered in ascertaining its meaning.

Schedule 1 to the Act set out the 1968 Convention.

Article 2 provided that "persons domiciled in a contracting state shall, whatever their nationality, be sued in the courts of that state."

Article 57 provided that "this Convention shall not affect any Conventions to which the contracting states are or will be parties and which, in relation to particular matters, govern jurisdiction . . ."

The defendants were domiciled in Italy. Accordingly proceedings against them must be commenced in Italy unless the present court's jurisdiction was governed by a Convention to which the contracting states were parties and which governed jurisdiction over a particular matter, for example collision.

Article 7 of the 1952 Arrest Convention provided "(1) the courts of the country in which the arrest was made shall have jurisdiction . . . (d) if the claim arose out of a collision . . ."

Great Britain and Italy were both signatories to and had ratified the Collision Convention signed at Brussels on May 10 1952, on which date they also signed the Arrest Convention.

The defendants submitted that the plaintiffs were not entitled to rely on the Collision Convention because it had not been incorporated in its entirety into UK legislation.

It was unnecessary to incorporate the whole Convention because many of its provisions were already part of the UK law.

Mr Jenard's report in the Official Journal referred to article 57 of the 1968 Convention and said that member states were already parties to numerous international agreement governing jurisdiction, including the Collision Convention 1952. He commented: "The approach adopted by the committee means that agreements relating to particular matters prevail" over the 1968 Convention.

Article 1(1) of the Collision Convention provided that a collision action could only be introduced before the court of (a) the place of the defendant's *residence or place of business*; (b) the place of arrest of the defendant ship or of "any other ship belonging to the defendant . . . or where arrest could have been effected and bail or other security has been furnished;" or (c) the place of collision, when it occurred within port limits or inland waters.

Article 1(2) provided that it should be for the plaintiff to decide in which of those courts the action should be instituted.

The plaintiffs relied on article *1(1)(b)*.

That part of paragraph (b) which related to the arrest of "any other ship belonging to the defendant" (sister ship arrests) was incorporated into English law by section 3(4) of the Administration of Justice Act 1956. It was now section 21(4) of the 1981 Act. The remaining parts of paragraph (b) did not have to be included in new legislation because they were already part of English law.

The plaintiffs submitted that article 1(1)(b) distinguished a collision action from other actions in respect of which one must look to the Arrest Convention.

In the *Deichland* Lord Justice Neill referred to the common practice whereby ships were not actually arrested but some security or undertaking was furnished to prevent an arrest.

He rejected an argument that in the light of the 1956 Act the jurisdiction given by article 7 of the Arrest Convention should not be confined to cases where an arrest had actually been effected. His reason was *inter alia* that article 3 and 6 referred to "bail or other security" given "to avoid a threatened arrest" or to "prevent the arrest" and there were no comparable words in article 7.

That highlighted the distinction between the Arrest Convention and the Collision Convention, because in article 1(1)(b) of the Collision Convention there was reference to "bail or security" having been furnished.

That was a crucial distinction. Without those words there would have been no question but that a stay would be granted. But it was clear that in an action arising out of a collision between ships the court had a jurisdiction in the circumstances of the case. The application for a stay on the ground that the action must be commenced in Italy was dismissed.

The defendants applied for a stay on the ground of *forum non conveniens*.

The defendants invited the court to hold that Brazil was a more appropriate forum. As the plaintiffs had founded jurisdiction as of right, the burden was on the defendants to show not just that England was not the natural or appropriate forum, but to establish that there was a clearly more appropriate forum.

On the facts there was no clearly more appropriate forum. The court would not grant a stay.

The motion was dismissed.

For the plaintiffs: RF Stone QC and W Whitehouse-Vaux (Constant & Constant).

For the defendants: GJ Brice QC, J Kay and V Selveratnam (Shaw & Croft).

Rachel Davies
Barrister

Commercial Property also appears on
Pages 33, 34 and 35

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Coping with stress

When a Wall Street phantom stalks tropical corridors

Ivo Dawnay explains how Citibank in Sao Paulo is promoting a policy of prevention

If your head buyer has taken to humming mantras, the systems manager is standing on his head at coffee break and junior executives have moved camp beds into their offices to save commuting time, your company may have a stress problem.

Citibank in Sao Paulo, Brazil, spotted something was up as far back as 1986 when it discovered that a fair proportion of its investment bank staff had taken up T'ai Chi Ch'uan – the supposedly therapeutic slow-motion martial art. Stress, it was concluded, was not just the latest status symbol of the Wall Street executive (though it has elements of that) – the phantom was now stalking executive corridors in the tropics.

It did not take long to find the causes. Usually Brazil's greatest worry is inflation, but three years ago the issue was the lack of it. The Cruzado plan – a price freeze cure-all for the disease – was falling apart and everyone but the government appeared to know it.

Waiting for the collapse – it came with a vengeance the following year – drove Brazilian investment bankers to distraction. But it was only last year that a spate of heart attacks in the trading room persuaded the bank's senior managers to take action.

It was hardly too soon. In 1989, with inflation climbing back to a record high of 1,760 per cent, a new currency, 11 adaptations to the tax code and 4,000 new laws and regulations related to business, Citibank executives calculated that the staff was having to cope with around 30 rule changes a day. "The pressure our officers have been under is far greater than anything that goes on in Park Avenue," an official says.

So the bank decided to call in consultants. It soon emerged that it was the changes in the economy and in society that was raising the general level of uncertainty and causing a lot of turbulence. Carmen Ritner, a psychologist in the bank's human resources department, explains that the bank decided to introduce preventative measures. Rather than simply increasing the provision of treatment for stress sufferers, it would attempt to tackle the additional factors within the corporate culture that persistently provoked anxiety.

"The first step was to demistify the idea of stress," says Aguinaldo Nerri, a consultant and former personnel manager at IBM, GE and Pirelli. "A certain element in stress is positive: it is what makes you alert. It was the 'distress' we were trying to isolate."

An additional problem was that stress, like overworking, had also become a status symbol. The insidious 1980s doctrine of ostentatious 12 or 14 hour days had slipped down the wires from New York just as swiftly to Brazil as it had to Frankfurt or London.

The human resources team therefore began with an introductory seminar aimed both at outlining the sources of stress and making clear that, contrary to its popular image, it was a distinctly "uncool" state of mind. "We tried to show that while a measure of stress was normal, it was also actually a result of bad 'personal management' – poorly used energy," Nerri says.

The next stage was to get executives to identify stress sources and eliminate them. The team noted that like many Latin people, staff members often had difficulty coping with disagreements or conflicts over strategy, preferring to nod agreement and avoid action. Among other factors, they taught their seminar groups – usually about 10 executives out of a total of 200 – to learn to be ready to take decisions even if they might be wrong, without mutual recrimination.

Middle managers were also seeking more participation in high-level decision making – a reflection, perhaps, of the process of redemocratisation occurring in the country as a whole. Senior executives accepted this, while pointing out that the process added to everyone's workload.

Another stress point lay in planning meetings, where many staff claimed that the fear of presenting an argument or proposal poorly frequently led to sleepless nights and general distraction from other pressing issues. "First, we cut down meetings altogether," Ritner says. "Then we tried to press home the need to get things into proportion – to show that people's careers were not dependent on their day-to-day showing in the conference room."

The very act of openly discussing the issue of meetings diminished the pressure, grateful executives later reported.

The final phase of the programme concentrated on practical steps. Staff were encouraged to reduce working hours and to take their full holiday entitlement. Sport, a good diet, cutting down smoking and drinking were all emphasised, but not forced. "We had talked about having a gym in the office," says Nerri, "but then we concluded that a lot of people would feel obliged to use it.

"We have tried to avoid anything that suggests we are reinforcing a patriarchal system – the emphasis is on individual action."

"WHAT DO YOU MEAN, BEING HIGHLY STRESSED IS UNCOOL?"

Added up, none of this seems more than a common sense response to the stress problem. But both Ritner and Nerri insist that despite Brazil's high anxiety business climate, their whole-hearted corporate response is the first so far to point out that stress is both commonplace and an issue for the company.

Perhaps the second most important discovery was the need to counter the whole mythology surrounding stress, much fostered in recent years by advertising and the media. "What we have tried to do is promote the idea that the company values those that look after themselves – that they are the intelligent ones," says Ritner. "We don't have any illusions that we have made profound changes, but the recognition of the reality of stress is a shift in the culture that is permanent and continuing."

Ritner concedes that part of the job has been to dispel the modish notion, emanating from the US, that the successful financier is inevitably a workaholic – a perception that sits uncomfortably with the naturally relaxed personality of most Brazilians. "A visiting executive said I was being subversive – but nevertheless went on to approve the programme," she recalls. "Perhaps the conclusion should be that multinationals ought to be multi-cultural as well."

Business courses

Managing transitions and change, London. April 30 - May 1. Fee: £545 + VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SL. Tel 01-871 2546. Fax: 001-871 3866.

Achieving total quality, London. March 14-15. Fee: £550. Details from The Conference Board Europe, Avenue Louise 207, Bte 5, B-1050 Brussels, Belgium. Tel: (32) 2 640 6240. Fax: (32) 2 640 6735.

Improving corporate performance, London. March 12-13. Fee: £515 + VAT. Details from Forum Communications, London House, 26-40 Kensington High Street, London W8 4PF. Tel 01-938 2222. Fax: 01-937 4546.

Honouring the business experts: Rosabeth Moss Kanter, London. March 23. Fee: £569.75. Details from The Economist Conference Unit, 25 St James's Street, London SW1A 1HG. Tel: 01-976 6565. Fax: 01-931 0228.

Making performance appraisal work, London. April 3-4. Fee: £420 + VAT. Details from IRS Training, 18-20 Highbury Place, London N1 1QP. Tel: 01-354 5858. Fax: 01-226 8618.

The younger manager, Bromley. March 11-16. Fee: £2,900. **Negotiation for managers**, Bromley. Fee: £625. Details from Client Services Manager, Sundridge Park Management Centre, Bromley, Kent BR1 3BR. Tel: 01-460 3585. Fax: 01-466 1578.

Time management in context, Uxbridge. March 30. Fee: £235. Details from Miriam Dean, Programme Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: (0895) 56461 x 215.

Developing, implementing, and auditing quality systems, Skelmersdale, April 3-6. Fee: £465 + VAT. Details from the Course Secretary, McCrae Consultants, Gerrard Place, Skelmersdale, Lancs. Tel: 0695 21447. Fax: 0695 25667.

The European water industry, London. March 26-27. Fee: £550 + VAT. Details from the Financial Times Conference Organisation, 126 Jermyn Street, SW1Y 4UJ. Tel: 01-925 2323. Fax: 01-925 2125.

The cloud that was given a silver lining

Gary Mead looks at the way British Airways manoeuvred to reinstate flights to Argentina

British Airways shareholders might be interested to learn that for more than two years their man in Buenos Aires – Ian Gillespie – worked for a company barred from operating in Argentina. As a result of the Anglo-Argentine Falklands conflict, the Argentine government in 1982 passed a decree banning British Airways from the country. Despite that prohibition, BA annually picked up between \$1.6m and \$2.6m from its Buenos Aires outpost in 1987 and 1988.

When Carlos Menem took over in July 1989 as Argentina's president, relations between the two countries began to improve. A month later, his government renewed commercial links with Britain, the necessary first step towards restoring direct BA flights on the potentially lucrative South Atlantic route. The visit last week of Lord King, British Airways' chairman, to Buenos Aires symbolised the changed atmosphere.

British Airways' Argentine operation is now up and running. But last week's inaugural flight would not have happened if a semi-clandestine operation had not been in existence for more than two years.

The business opportunities were worth the risk. In May 1987, Ian Gillespie was sent to Argentina with a brief to set up the British Airways establishment, to prepare both for the day when flights were restored, but also to try and conduct whatever business might be possible under such hamstrung conditions.

"I was delighted. I looked on it as a great challenge, and was determined – barring politics – to have BA in a position where at least it would have a profitable off-line operation [selling BA tickets for other routes outside Argentina], and to be prepared for the big event of getting an aeroplane in," says Ian Gillespie.

He was helped in the process by the attitude of Aerolineas Argentinas, Argentina's nationalised airline, which saw that both airlines were losing out thanks to the machinations of politicians. "In the airline world, no matter what the political situation is, companies continue talking and collaborating with each other. That was the case with Aerolineas and BA. We never stopped accepting each other's tickets."

Ian Gillespie forged close contacts with middle managers in Aerolineas. They "immediately saw the reasoning behind British Airways' desire to develop its position in Argentina: British and Argentine businessmen continued travelling between the two countries and were doing so on other airlines. There was still a market there, but neither of us was seeing much of it."

Over the last five years an average 25,000 Argentines have travelled annually to the UK, a market worth roughly \$50m. Between April and December 1989 British Airways carried less than 14 per cent of the potential market on the Britain-Argentina route.

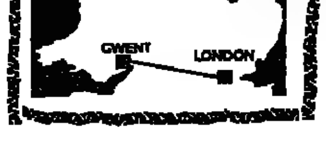
A gentlemen's agreement between the two companies had been reached in April 1988 – circumventing the 1982 decree – to share passengers and routes. Aerolineas flew the short leg of the Buenos Aires-Heathrow journey one day (Buenos Aires-Sao Paulo in Brazil), the passengers being picked up by BA onwards to Heathrow; and the next day British Airways would carry Argentine passengers the short leg (Heathrow-Madrid), where Aerolineas planes and crew would take over.

That understanding was fostered by BA's attempts to create some goodwill within Argentina, by sponsoring visits by Argentine sports representatives and musicians who wanted to travel to the UK. But such was the nervousness of Aerolineas's management in the face of Foreign Ministry dictates that none of the many letters Ian Gillespie sent to Aerolineas on a variety of subjects was ever officially acknowledged.

"It was a calculated risk. At any time the politicians could have intervened and stopped us, although I had been given a work permit and permanent residence status when I first came here. Although the local press occasionally made a bit of fuss about our being here, I think it was really a question of face. We developed a business when everybody thought we couldn't. The thing was to find a way around it without upsetting the politicians, in liaison with the national carrier. Neither of them was going to turn down the opportunity of business."

BA and Aerolineas now operate two flights each a week to London. That still leaves three days without a direct service, and the previous agreement of combined flights will continue. Co-operation on triangular routing – connecting flights to and from the US or Australia for example – is also set to expand. In the financial year 1990-1991 BA is hoping for 12,000 passengers, a healthy \$24m revenue.

This could prove, perhaps, that rules are sometimes made to be bent.



ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
16	17	18	19	20	21	22

MUSIC

London

The London Philharmonic, conducted by Serge Baudo. Britten, Rimsky-Korsakov (Fri). Royal Festival Hall (928 8800).
Academy of St Martin in the Fields, directed by Iona Brown. Mendelssohn, Beethoven, Schoenberg (Fri). Queen Elizabeth Hall (928 8800).
English Chamber Orchestra, conducted by Philip Ledger, with Jack Brymer (clarinet), Lorraine McAslan (violin), Mozart, Pachelbel, Vivaldi (Sat). Royal Festival Hall (928 8800).
The London Philharmonic, conducted by Kurt Sanderling. Mahler (Sun). Royal Festival Hall (928 8800).
Peter Katin, (piano). Scarlatti, Schubert, Debussy, Chopin. (Sun). Queen Elizabeth Hall (928 8800).

Paris

Brigitte Engerer (piano). Mozart, Beethoven, Schumann (Mon). Chatelet (40282828).
Orchestre Colonne conducted by Pierre Dervaux, Michel Beroff,(piano). Saint-Saens, Prokofiev, Beethoven (Mon). Salle Pleyel (45638873).
Orchestre de Paris conducted by Semyon Bychkov, Midori (violin), Matt Haimovitz (cello). Saint-Saens, Bartok, Brahms (Wed, Thur). Salle Pleyel (45630796).
Orchestre National de France conducted by Emil Tchakarov, Nelson Freire (piano). Brahms, Rachmaninov, Schumann (Thur). Théâtre des Champs Elysées (47203637).
Ensemble Orchestral de Paris conducted by Arpad Gerecz: Bach, Haydn (Thur). Chatelet (40282828).

Amsterdam

Orchestra and Chorus of the Academy of Ancient Music conducted by Christopher Hogwood, with Emma Kirkby (soprano), Anthony Rolfe Johnson (tenor) and Michael George (bass). Haydn's Creation (Fri). Concertgebouw. (718 345).
Netherlands Philharmonic with Rian de Waal (piano), Roberto Benzi conducting. Liszt, Debussy (Sat). Concertgebouw. (718 345).
Royal Concertgebouw Orchestra conducted by Myung-Whun Chung, with Shura Cherkassky (piano). Tchaikovsky, Shostakovich (Wed, Thur). Concertgebouw. (718 345).

Utrecht

Netherlands Philharmonic Orchestra with Rian de Waal (piano), Roberto Benzi conducting. Liszt, Debussy (Fri, Mon). Vredenburg. (31 45 44).
Netherlands Philharmonic Orchestra led by Istvan Parkanyi (violin). Marin, Mozart, Keuris, Haydn. Vredenburg. (31 45 44).

Vienna

Wiener Philharmoniker conducted by James Levine. Mahler's third symphony. Musikverein. (Sat, Sun).
Amsterdam Baroque Orchestra conducted by Ton Koopman. Buxtehude, Bach. Konzerthaus. (Sun).
Wiener Symphoniker and State Opera Choir, conducted by Georges Pretre. Berlioz's Romeo and Juliet. (Wed).
Garrick Ohls piano recital. Weber, Beethoven. Konzerthaus. (Mon).
Alexander Jenner piano recital. Debussy, Vogel, Beethoven. Musikverein. (Tues).
Wiener Philharmoniker conducted by Leonard Bernstein. Mahler, Sibelius. Musikverein. (Thurs).

Brussels

Felicity Lott (soprano) accompanied by Graham Johnson (piano) in recital (Sat). Théâtre Royal de la Monnaie.
Liege Philharmonic Orchestra. Elie Octors performs works of Richard Strauss, Schreker, Webern. Centre Culturel le Botanique.
Belgian National Orchestra conducted by Mendi Rodan with Pierre Amoyal (violin). Mozart, Ravel and Schuman (Fri, Sun). Palais des Beaux-Arts.
Nadine Deletaille (piano) and others in a Schubert programme. Breast Cancer Benefit Concert. Palais des Beaux-Arts. (Sat).
Eva Graubin (violin) performs Bach, Dvorak, Mendelssohn, Mozart. (Tues). Palais des Beaux-Arts.

Milan

Oleg Kagan (violin) and Vassili Lobanov (piano) playing Schumann,Grieg and Shostakovich (Mon). Teatro Alla Scala (809126).
Garrick Oholsson (piano) playing Chopin (Wed). Conservatorio G. Verdi (76001755).

Rome

Christa Ludwig (mezzo-soprano) and Charles Spencer (piano) singing Schubert, Brahms, Liszt, Mahler and Strauss (Wed) Teatro Olimpico (393304).

Florence

Eduardo Mata conducting Bizet's C-major symphony, Arut Junian's trumpet concerto, with Bill Campbell (trumpet) and Tchaikovsky's Romeo and Juliet Overture (Fri-Sun) Teatro Comunale (2779235).

Frankfurt

North German Radio Orchestra, conducted by Guenter Wand plays works by Brahms (Sun). Alte Oper.

Berlin

Berlin Philharmonic Orchestra under Michael Gielen with Nobuko Imai (viola) plays works by Schnittke and Schoenberg. (Thurs) Philharmonie.

Cologne

Cologne's Radio Orchestra under Gary Bertini. Mahler No 7. (Fri) Philharmonie.

Madrid

Italo-Spanish Festival.
Michelle Campanella (piano). Scarlatti, Liszt, Brahms (Fri).
Milan Stradivari Orchestra conducted by Daniele Gatti. Katia Ricciarelli (soprano), Lucia Valentini-Terrani (mezzo-soprano). Pergolesi, Boccherini, Stravinsky (Mon). Auditorio Nacional de Musica (337 01 00).
Spanish National Orchestra and Choir conducted by Sergiu Comissiona, with Jard Van Ness (contralto). Mahler programme (Fri-Sun). Auditorio Nacional de Musica (337 01 00).
Mannheim Chamber Orchestra conducted by Klaus-Peter Hahn, Joan Moll (piano). Mozart programme (Thur). Auditorio Nacional de Musica (337 01 00).
Josef Bulva (piano), Mozart, Liszt, Beethoven, Chopin (Thurs). Auditorio Nacional de Musica (337 01 00).

Barcelona

Bernd Glemser (piano). Schumann, Rachmaninov (Wed). Fundacion Caja de Pensiones (317 57 57).
Orquestra de Cadaques conducted by Edmon Colomer. Homs, Montsalvatge, Guinjoan, Soler. Zeleste (301 69 43).

New York

Ivo Pogorelich, piano recital. Haydn, Chopin, Liszt, Scarlatti (Wed). **Cleveland Orchestra**, Christoph von Dohnanyi conducting with Mitsuko Uchida (piano). Mahler, Schoenberg, Schubert, Mozart (Thur). Carnegie Hall. (247 7800).
Daniel Barenboim piano recital. Bach programme (Wed) . Avery Fisher Hall. (874 6770).
Robert Taub piano recital. Scriabin, Shifrin, Babbitt, Beethoven (Mon). Merkin Concert Hall. (362 8719).
New York Philharmonic conducted by Zubin Mehta with Anne-Sophie Mutter (violin). Lutoslawki, Bruch, Haydn, Kodaly (Thur).

Chicago

Chicago Symphony Orchestra. Neeme Jarvi conducting, Lorin Hollander (piano). Kodaly, Saint-Saens; Herbert Blomstedt conducting, Yo- Yo Ma (cello). Haydn, Laderman (world premiere), Dvorak (Thur). Orchestra Hall (435 6666).

Tokyo

Dmitry Sitkovetsky (violin), with Pavel Gililov (piano). Schumann, Beethoven, Debussy, Janacek. Bunkamura (Mon). Orchard Hall (470 2727).
Saint Louis Symphony Orchestra conducted by Leonard Slatkin. Beethoven, Tchaikovsky (Wed); Bach, Haydn, Prokofiev (Thur). Suntory Hall (505 1010).
Traditional Japanese music and dance. 16th Annual NHK Performing Arts Programme. NHK Hall (Thur) (477 7051).
Ensemble for Early Music from New York. Daniel and the Lions, medieval music drama performed by the Sunshine Theatre, Ikebukuro (987 5281) (Wed, Thur).

OPERA AND BALLET

London

Royal Opera, Covent Garden. Don Pasquale, in the facetious and now rather elderly Jean-Pierre Ponnelle production, is revived with an attractive cast – Paolo Montarsolo, Katheen Battle, Thomas Allen, and Raul Gimenez, conductor Bruno Campanella. Final performances of the new production of Borodin's *Prince Igor* by Andrei Serban, conducted by Bernard Haitink, a special triumph for the splendid cast of Eastern European principals, notably Sergey Leiferkus in the title role, and Anna Tomowa-Sintow, Yelena Zaremba, and Paata Burchuladze.
English National Opera, Coliseum. David Pountney's polemical *Traviata* production continues in repertory, with Helen Field in the title role, and Alan Opie and Edmund Barham as the Germonts. Also, Berlioz's *Beatrice and Benedict*, produced by Tim Albery, full of ravishing music and subtle, fastidious stage pictures; and the latest return of *The Mikado* in Jonathan Miller's celebrated "white-hotel" re-working, with Richard Suart as Koko and a cast of ENO regulars.

Paris

The Hamburg Ballet presents John Neumeier's *Peer Gynt* inspired by Henrik Ibsen. Paris Opera Orchestra conducted by Eri Klas (47425371)

Amsterdam

Netherlands Opera. A new production of Mozart's *Cosi fan tutte*. Directed by Jürgen Flimm, with the Royal Concertgebouw Orchestra conducted by Nikolaus Harnoncourt; Charolotte Margiono (Fiordiligi), Laurence Dale (Ferrando), Gilles Cachemaille (Guglielmo) and Iris Vermillion (Dorabella). (Fri, Sat matinee). Muziektheater. (255 455).

Vienna

Staatsoper. *Rusalka* by Anton Dvorak. *Turandot* by Puccini. *L'Elisir d'Amore* by Donizetti.
Volksoper. *Der Opernball* by Heuberger. *Der Bettelstudent* by Karl Molloechker. *Cosi fan tutte* by Mozart. *My Fair Lady* by Franz Loewe. *Die Boheme* by Puccini. *Don Giovanni* by Mozart. *Die Lustige Witwe* by Franz Lehar.

Brussels

Theatre Royal de la Monnaie. The Monnaie Opera in Mozart's *The Abduction* from the Seraglio, a new production staged by Ursel and Karl-Ernst Herrmann conducted by Emil Tchakorov (Sun,Tues,Thurs).

Antwerp

Koninklijke Vlaamse Opera. The Royal Flanders Opera in Monteverdi's *L'Orfeo*. La Chapelle Royale Orchestra and chorus conducted by Philippe Herreweghe, staged by Isabelle Pousseur. (Sat,Tues,Wed,Sun).

Milan

Teatro Alla Scala. Wagner's *Die Meistersinger* von Nurmberg (sung in German) is the fourth major opera production this season. Produced by Nikolaus Lehnhoff, with sets by Ezio Toffolutti and costumes by Tobias Hoheisel, the cast is led by Nancy Gustalson, Ryland Davies and Bernd Weikl. (Tues). (809126).

Rome

Teatro dell'Opera. A new production by Francesca Zambella designed by Luigi Marchione of Strauss's *Ariadne auf Naxos*, sung in German. Cast includes Elizabeth Norberg-Schulz, Katerina Ikonomu and Wolfgang Fassler, conducted by Sandro Sequi with Chris Merritt and Mariella Devia. The remarkable sets were designed by Giorgio de Chirico for the 1933 Maggio Musicale (Sun) 461755.

Venice

Teatro la Fenice. Donizetti's *Don Pasquale* in a co-production with the Opera de Lyon conducted by Gabriele Ferro, with Barbara Hendricks, Enzo Dara and Natale de Carolis (not Mon) (5210161).

Turin

Teatro Regio. Sylvano Bussotti's production of Puccini's *Turandot* conducted by Yuri Ahronovitch, with Sophia Larson, Nicola Martinucci and Elena Mauti Nunziata (Sun, Tues and Thurs) (8815241).

Berlin

Opera. *La Boheme* in Goetz Friedrich's production. Kallin Esperian, Lucy Peacock, Antonio Ordonez and Ralf Lukas. A concert version of *La Sonnambula* conducted by Jesus Lopez Cobos with Iris Vermillion, Lucia Alberti and Francesco Ellero d'Artegna. Roland Petit's ballet *Les Intermittences de Coeur* rounds off the week.

Hamburg

Opera. The first Hamburg *Lady Macbeth* Von Mzensk production will have its premiere this week, put together by a Russian team, with producer Juri Ljubimow, conductor Maxim Schostacovitch, the composer's son, and David Borowsky (costumes and sets). The cast includes Olivia Stapp, Hubert Bischof, David Griffith and Jan Blinkhof. John Neumeier's ballet *Ein Sommernachtstraum* returns.

Frankfurt

Opera. *Parallax* is jointly choreographed by William Forsythe, Susan Marshall and Amanda Miller, danced to music by Bill-Trisell, Beethoven and Gavin Bryars. The rarely played *Iphigenie en Tauride*, sung in French, has Helena Doese outstanding in the title role. Also *La Boheme*.

Cologne

Opera. *Die Fledermaus* has fine interpretations by Josef Protschka, Alfred Kuhn, Teresa Ringholz and Heinz Fabian.

Bonn

Opera. Jean-Claude Riber's curious new *Macbeth* production,superbly conducted by Gianfranco Masini, features a splendid cast of principals: Elizabeth Connell, Eduard Tumagian and Francesco Ellerod'Artegna.

Stuttgart

Opera. There are two ballets: *Dornroeschen*, choreographed by Marcia Haydee and *Der Widerspenstigen Zaehmung* by John Cranko. Final performances of the ultra modern *Figaros Hochzeit* production by Peter Zadek.

Munich

Opera. *Der Rosenkavalier* brings Judith Beckmann, Barbara Bonney, Helmut Berger-Tuna and Susan Quittmeyer together. *Salome* stars Brigitte Fassbaender, Helena Jungwirth, John Broecheler, James King and Eliane Coelho. *Fidelio* brings Hildegard Behrens, Theo adam and Spas Wenkoff together.

New York

Metropolitan Opera. Thomas Fulton conducts the season premiere of Gian Carlo Menotti's production of *Manon Lescaut* with Mirella Freni, Peter Dvorsky and Italo Tajo. Charles Dutoit conducts Nathaniel Merrill's production of *Samson et Dalila* with Shirley Verett, Placido Domingo and Simon Estes. Harold Prince's production of *Faust*, conducted by Charles Dutoit, continues with Carol Vaness as Marguerite, Delores Ziegler as Siebel, Neil Shicoff as Faust and James Morris as Mephistopheles. Lincoln Center Opera House. (362 6000).
New York City Ballet. The final week of the season features *Midsummer's Night Dream, Swan Lake* and *Moves*. New York State Theatre, Lincoln Center. (870 5570).

Washington

Washington Opera. The company takes up residence at the Kennedy Center Opera House with its first production of *Aida*. (467 4600).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).
Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).
A Little Night Music (Piccadilly). Fine revival by Ian Judge,imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).
Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman in support (867 1116).
M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition. Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0103).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).
A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).
I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).
The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. Kabuki-za. Performances at 11am and 4.30pm. Of the three pieces in the matinee, the most famous is *Funa Benkei (Benkei in the Boat)*, which is set on a kabuki version of a noh stage. The evening programme features two short dance pieces and a full-length drama, *Sannin Kichisa (Three Men Called Kichiza)*, an amusing and action-packed genre piece about three bandits who all have the same name. One of them is a young pickpocket who disguises himself as a woman
Earphone guide in English (541 3131).
Bunraku. National Theatre. Performances at 11.30am, 3pm, 6pm. (265 7411). Each of the three programmes features a well-known love suicide drama from the 18th century. The first is by Chikamatsu Monzaemon, sometimes called the Shakespeare of Japan; the second is the story of the love between the daughter of an oil shop owner and one of the young clerks; in the third, the gloomy story is relieved by some virtuoso puppetry

ARTS

Spanish painting girded with praise

Mary Rose Beaumont queues up to visit Madrid's ARCO '90 and the Prado

ARCO '90, Madrid's international contemporary Art Fair, which ran from February 8-13, is now in its ninth year. Whilst not exactly pavilioned in splendour, it should certainly be girded with praise. The Casa de Campo fairgrounds, run by the Madrid trade fair organisation IFEMA, are rather run-of-the-mill concrete boxes, but they have the advantage of good overhead light and widely-spaced corridors between the stands – a feature which turned out to be a vital necessity at the weekend when enthusiasts queued for more than two hours, only to be turned away at the gate because of over-crowding. Would that such a phenomenon should occur in Britain.

It was an enormous fair, occupying three floors. The selectors had obviously done a good job and the quality was uniformly high. Of the 217 galleries participating, 71 were Spanish. The crowds of viewers were informed and knowledgeable, curious (wisely) to know the provenance of the ubiquitous Picassos and to be told the background of an unknown artist. Of the living Spanish artists, Antoni Tapies deservedly had the biggest show, followed by Eduardo Chillida, whose monumental sculptures have been commissioned for many sites in Western Europe and the US. Of the younger artists, Jose Maria Sicilia was much in evidence and will shortly be exhibited in London by Runkel-Hue-Williams.

The 13 British galleries were on their mettle, showing blue-chip modern and contemporary artists. Several British artists, including notably but not surprisingly, Tony Cragg, Richard Long and Ian Hamilton Finlay, cropped up often on non-British stands.

If the queues to get into ARCO were long, they were as nothing compared with the immense crowds which wound their way round the Prado, inching forward towards their goal, the Velasquez exhibition (until March), which has to be one of the greatest exhibitions of all time. At its previous venue, the Metropolitan Museum in New York, there were a mere 38 paintings, which one was able to view in comfort and comparative solitude. It was, indeed, Hamlet without several princes, a situation which has been amply remedied now that Velasquez has come home to Madrid. There are 78 paintings, mostly from the Prado's own collection, as well as the National Gallery's "Rokeby Venus," which was not lent to New York.

Portrait of Count-Duke of Olivares by Velasquez at the Prado

The last great room in the Prado is dominated by "Las Meninas," recently cleaned and now sparkling, surrounded by individual portraits of the Royal Family, their attendant courtiers, buffoons and dwarfs, culminating in the grand equestrian portraits of the King, Philip IV, his Queen, Isabel of France, and their son, the little Prince, Baltasar Carlos, which originally hung as triptych in the Salon de Reinos in the Palacio del Buen Retiro.

Before reaching this triumphant conclusion, one has passed joyfully through rooms of portraits, mythological, religious and historical paintings, landscapes and still lives from Velasquez's early years in Seville to his period as court painter, which began in 1623 and ended with his death in 1660. The National Gallery of Scotland's "Caravaggesque Old Woman Frying Eggs" dates from the Seville period, as do most of the religious paintings. The two small landscapes of the Villa Medici Gardens, Rome, almost Impressionist in technique, date from the end of his life. In between, his time was exclusively taken up with his duties as Court Painter. His first portrait of Philip IV shows a nervous young man dressed severely in black against a plain background, then as a young Apollo in armour, as a jauntily-capped huntsman with rifle and dog, magnificently on horseback and finally, in the fullness of years, grave and worn, again simply dressed.

Although Velasquez remained a master of black, soon after his arrival at Court he began to introduce lighter colours and the dazzling bravura brush stroke which brought silk, lace, gold and silver, flesh and hair, to vibrant life. Whether he paints a mythological or historical scene, Velasquez is always concerned to penetrate the psychology of his characters. His historical masterpiece must be "The Surrender of Breda," in which the defeated Dutch general hands over the key of the city to the victorious Spanish general, who bends magnanimously forward as if to comfort his opponent. The stiffly-upright lances of the Spanish army are contrasted with the disarrayed pikes of the Dutch army, amongst whose ranks the artist places himself as participant and onlooker. (Until March.)

★

The Fundacion Juan March is showing over 100 paintings, pastels, water colours and drawings by Odilon Redon. The early, Corot-like paintings are undistinguished but once he has dispensed with naturalism and allowed his imagination to run free, his wild fantasies are compulsive viewing. His is a world in which centaurs and saints are on equal footing, a severed head can be that of John the Baptist or of Orpheus, and apparitions take the forms of skeletons, ghosts or mysterious mutants whose origins are beyond divination. (Until April 1.)

Man of the Moment

GLOBE THEATRE

The shapes of good and evil battling it out loom ever more clearly through the comic haze of cross-purposes, embarrassment, emotional blockages and linguistic inadequacies in which Alan Ayckbourn's characters flounder in search of themselves. At Scarborough *Man of the Moment* provided the clearest vision yet of Ayckbourn's bleak world where the weak go to the wall and bullies are triumphant (even, as here, in death). After the statutory interval the play arrives in London, mainly recast; and, as so often, while the piece remains fascinating the production has blunted and diffused some of the impact.

The framework remains a TV documentary charting the meeting, after 17 years, of the wimpish little bank clerk who "had a go" during an armed robbery, and the crook who blasted the face of a pretty girl hostage with his shotgun. One lives in luxury, in a Mediterranean villa where the action takes place, a media star; the other in suburban obscurity, his wife nervous of going out, in a dead-end job. The criminal it is who has cashed in – via Start the Week, Stop the Week, Any Questions, Did You See? and the rest. The clerk, initially fêted as a hero, has had his life ruined.

All of which is eminently plausible. Breezy Vic Parks had the media expertise of a MacVicar, the geniality of a Ronald Biggs, and a smiling, mindless brutality all his own. With characteristic Ayckbourn irony, however, virtue is embodied in the amiably naff Douglas from Purley, whose attitude to envy, resentment, disappointment – "hopefully, even hatred," murmurs the enamelled telly lady eagerly – is anathema to good television. He is content, prompting a screaming outburst against "happy, contented middle-aged couples" from Samantha Bond as the TV presenter. Good and evil rear their heads again; for a terrifying moment it seems the circumstances of the original violent confrontation have conspired for another (to far less resonant effect than in Scarborough's theatre in the round).

To charges of cynicism Ayckbourn can reply with a valid religious statement of belief in original sin. Never a mere clown, recently he has increasingly charted the deeper waters of the psyche, which adds the ache of guilt to our laughter (the new play is still very funny). He lures us into joining in the mockery before mercilessly revealing the victims' scars.

If there is a reservation about the star casting of the central role, it is that Michael Gambon is at first too much a comic turn. At Scarborough Jon Strickland was one of nature's chinless shrimps personified, the epitome of the "six and a half-stone boy scout bank clerk" (to quote a line unwisely left unaltered). Mr Gambon has to work at it, so emerges as a lumpish, shambling teddy bear, given to a penguin stance of rigid-limbed stiffness while his head and neck work overtime. To begin with he lacks pathos, with his conscious lapses into a Peter Cook funny voice. Only when he gently refuses offers of reparation from the ex-con's distressed and ashamed wife with a dignified "There's nothing you have I could possibly take" does he expand into something bigger and deeper. Meanwhile there is much comedy to treasure, notably in his revelation, to the increasingly outraged television presenter, of a happy life – which includes no sex for the past 15 years: "we found it over-rated, so we gave it up."

Peter Bowles was a memorable sergeant in *The Long and the Short and the Tall* in provincial rep many years ago. Since then he has been landed with smoothies of varying degrees of fatuity, so it is a welcome change for his unexploited talents to flesh out the tyrannical odiousness of Vic, the thuggery beneath the affability. Simon Chandler repeats his excellent performance as personal manager, a little less languidly than before. Diane Bull, an old Ayckbourn hand, turns Vic's guilt-ridden wife into a frenetic chirrupper, played more for laughs than in Yorkshire. None of which obscures the writer's message, the presence – as inescapable in ill-gotten Mediterranean fleshpots as in Home Counties suburbia – of evil. As mild little Douglas puts it, "you don't always recognise it but there's a lot of it about."

Martin Hoyle

Alastair Muir

Michael Gambon and Diane Bull

Weir & Wolf-Ferrari

QUEEN ELIZABETH HALL

As well maintaining the statutory diet of the Viennese classics, the London Mozart Players now leaven their South Bank concerts with recent British works and 19th-century rarities. On Wednesday evening under Jane Glover they offered both, in the shape of Judith Weir's *Isti mirant stella* from 1981 and a Suite-Concertino for bassoon and orchestra by Wolf-Ferrari, sandwiched between Mozart's D major Divertimento K.136 and A major Symphony.

Wolf-Ferrari is probably about to enjoy a revival, in plenty of time for the 50th anniversary of his death in 1998. Then no doubt we shall be encouraged to discover that he was more than a composer of a couple of popular operas, and that behind his neat blending of *Italian buffo* with German romanticism there was hidden a serious and significant figure. It is hard to maintain that the bassoon concertino encouraged the larger view; three of its four movements are frothy *jeux d'esprit* expertly put together but nothing more, and the other, the opening Notturno, is an overlong andante, melodically unmemorable but certainly straining for a sort of profundity.

The piece was beautifully sustained by the American bassoonist Kim Walker, though she may have given the score too much credit; a lighter, wittier touch might have brought it to life more convincingly.

The Weir needs a light hand also, both to capture the ideal weighting and balance of its chords and to set off the delicate spring of its rhythms. It is one of her clutch of works from the early 1980s based upon 11th-century Norse and Norman sources; the starting point was a section from the Bayeux Tapestry, whence the Dog Latin title, that shows the appearance of Halley's Comet and the intimations of disaster that it generated. The result, though, is hardly programmatic; much more a ten-minute study in the airiest of orchestral textures, in which the music barely touches solid ground until the final bars and is full of sly sonorous twists and sudden shafts of harmonic light.

It was written for the Orkney Festival and first performed in St Magnus Cathedral; ideally there needs to be more space around its sounds than was possible in the Queen Elizabeth Hall; greater fluency in the playing too, which was certainly efficient and accurate, but not relaxed and unforced as it might have been for a more regular repertory piece.

Andrew Clements

Yerma

DUKE OF CAMBRIDGE, KENTISH TOWN

If the recent vogue for the work of Federico Garcia Lorca has taught us one thing it is that his poetic folk tragedies are not the natural habitat of the English actor. The Scots fare rather better, with Celtic moodiness substituting for Andalucian fire, as in Communicado's bruising and beautiful *Blood Wedding* a couple of years back. But the most interesting recent advances have involved multi-racial casting, with the Half Moon's *Blood Wedding*, in translation by a Peruvian with a mixed cast of Asians and Afro-Caribbeans, turning new stylistic and rhythmic ground.

This latest *Yerma*, a touring show by Cracked Mirror, the resident company at Kentish Town's up and coming DOC Theatre Club, picks up the theme by casting as Lorca's barren protagonist an actress of German/Jamaican origin who quite simply blasts everyone else of the stage with her grasp of emotional implosion. Annetta Laufer's *Yerma* is sensuous, mercurial, exciting to watch and to hear, making Simon Harris' frigid Juan seem asphyxiatingly codlike, while Robin Malyon, as her sweetheart Victor, remains locked in the callow emotions of adolescence.

The problem of this approach is the strain it imposes on the final scene when Yerma, deranged by her sense of physical redundancy, responds to her husband's advances by throttling him. What should be a climactic clash of will against will, which has been centuries in the making, becomes the unresisted assertion of a personal vindictiveness, since this Juan is too wishy-washy to take the rap for Spanish machismo. The climax, instead, comes earlier, with a savage bacchanal in which, to the beat of tom-toms, masked and beribboned swains mount their women in a pulsating fertility dance.

Olivia Fuchs' production is generally weaker in its evocation of social oppression than in its command of country passions which are richly drawn through a blend of keen and true acappella singing with strikingly simple visual imagery. The translation, by David Johnston who was responsible for Communicado's *Blood Wedding*, contributes to this effect with a sharply idiomatic language.

This dreaded sisters-in-law, custodians of domestic propriety, are ingeniously played by actors wearing masks on the backs of their heads: the necessity this created to perform back to front gives them an unearthly floatiness, setting them apart from the gossiping village women pounding their washing in a stream of azure cloth, but ultimately distracting from the menace they represent.

Claire Armitstead

My Heart's a Suitcase

ROYAL COURT

Clare McIntyre's first play to make it to main stage production is a fiercely original parable of modern materialism, which finally and deliberately breaks its own model with an ironic refusal to conclude with any neat moral. It is set in a grand, empty seaside flat where two friends, Hannah and Chris, are spending a weekend at the careless invitation of a wealthy ex-boyfriend of Chris's, who now patronises the restaurant where she works.

Hannah (Sylvestra le Touzel) is a stoical and chipper ceramics teacher who carries the as yet invisible cross of multiple sclerosis, but it is Frances Barber's surly Chris who is sorry for herself and it is the ghosts of her distress that dominate the stage, brandishing guns at her terror and exacerbating her self-pity with airy ideas of healing through acceptance of life's intolerable burdens.

McIntyre is a pungent and funny writer, whose second play, *Low Level Panic*, won her the 1989 Samuel Beckett award. Her problem with this latest work is finding her way into a rhythm that can support her characters in the manner to which they eventually become accustomed. The first act, as the girls familiarise themselves with their environment and the audience familiarises itself with the personifications of Chris's neurosis – one a pistol-packing thug and the other a biblically cowled woman lugging a suitcase – makes its way by fits and starts, the fits belligerent enough but the starts not particularly startling.

It is not until the arrival of their absent host's equine Greek wife (Anna Patrick) that the framework of the comedy begins clearly to emerge, setting the reactions of the two girls in a firm and orientating context. Suddenly they are confronted with apparently boundless riches and apparently unshakable complacency. The domestic loneliness that sends the unendearing Tunis off on her endless shopping sprees drops unnoticed into the well of Chris's covetousness, just as the desolation of the failed wine merchant turned wino who arrives uninvited in the flat fails to penetrate her consciousness, other than through the disappearance of a half-full whisky bottle.

Interestingly some of the best writing goes to Fred Pearson's hugely and humanely funny alcoholic, one of two men in the play, the other of whom is a neurotic fantasy. McIntyre is hard on her female characters and hardest of all on Chris, giving even the charismatic Frances Barber quite a job to sustain sympathy. But this is not a play that is looking for sympathy, as Max Stafford-Clark's flint-edged production makes clear.

It is about the struggles of real people to come to terms with a world in which the poor woman's conscience is the rich woman's convenience. "Why did God choose you to be rich?" demands Chris in a final frenzied outburst at the injustice of it all. Far from answering her question McIntyre rejects moral platitude with the appendage of an ironic postscript in which the home-making Tunis, given vacant possession of the flat, burdens Chris's load-bearing martyr with her purchases. The image makes the play

Claire Armitstead

ARTS GUIDE

February 16-22

EXHIBITIONS

London

The Royal Academy. Frans Hals – the great retrospective, already shown in Washington and due to go on to Haarlem, of the work of one of the greatest painters of the 17th century Dutch school. Master of the portrait, he was all but forgotten for 200 years after his death in 1666, and he remains an enigmatic and controversial figure. The directness and vivacity of his technique, and his humane immediacy bring him close to a modern sensibility, and it is no mere chance that painters from Manet and Courbet to Freud and Auerbach should have responded enthusiastically to his example.

The Royal Academy. Inigo Jones, Architect – a full study and exquisite show of the intimate drawings and designs of the greatest of British architects, only excepting Sir Christopher Wren. Jones was architect to James I and Charles I, and Greenwich Hospital, St Pauls' in Covent Garden and the Banqueting House in Whitehall remain to us as his masterpieces. Daily until February 25, except bank holidays.

Paris

The Louvre. The landscape in Europe from the 16th to the 18th century. The exhibition of some 150 drawings by Rubens, Brueghel, Poussin, Rembrandt and others retraces the development of two different conceptions of landscape representation with the scientific treatment of perspective favoured in Italy and the more atmospheric one prevalent in the northern countries. Pavillon de Flore. Closed Tues, ends April 23 (40205151).

Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or The Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases where glorious colours acquire a life of their own. 11 Avenue President Wilson. Closed Mon, ends Feb 25 (47236127).

Musée Carnavalet. Paris in daguerrotypes celebrates the 150th anniversary of the birth of photography with an exhibition of some 150 old daguerrotypes completed by 30 modern ones. 31, rue des Francs-Bourgeois. Closed Mon, ends Feb 28.

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends March 18 (40513838).

Musee d'Orsay. The Fragmented Body. Parts of the human body, orthe incomplete body form the leading strand of an exhibition beginning with ex-votos and reliquaries and culminating in a celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814).

Centre Georges Pompidou. Pavel Nikolaievitch Filonov. A solitary figure of the Russian avant-garde, he refutes cubism and futurism as contrary to nature's – and art's – organic development. "Every atom" of the surface of the 50 paintings and 150 drawings is given intense attention and basks in the light of idyllic harmony in cruel contrast to his own destiny. Closed Tue, ends April 30 (42771233).

Brussels

Musées Royaux des Beaux-Arts. Seventeenth century flower paintings; a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

38th Belgian Antiques Fair. European Antiquities. Opens Monday, ends Feb 25.

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March.

Rome

Galleria Nazionale D'arte Moderna. Jean Dubuffet. Immensely enjoyable exhibition which includes drawings, paintings and sculpture from the Twenties up to the last works of the early Eighties, with salient and illuminating quotations from Dubuffet's writings. Ends Feb 25.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1938-1983, the larger of which are seen to excellent effect in the courtyard of the 15th century castle, while the smaller bronzes, preparatory studies and drawings are shown inside, in the beautifully lit Sala Viscontea. Ends March 25.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogs and Multitudes. Ends March 19.

Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Fundacion Juan March. Ian Woodner collection of works by Odilon Redon. A very complete exhibition consisting of some 100 works in various media, illustrating the different aspects of the French symbolist painter's work. Ends April 1.

Museo del Prado. Following the highly successful Velazquez exhibition at the Metropolitan, the Prado is now host to the largest show to date of works by the great 17th century artist. Fifty of the 80 paintings at the exhibition belong to the Prado, the rest have been borrowed from various collections around the world, and in some cases are being shown in Spain for the first time. Ends March 15.

Barcelona

Palau de la Virreina. Meret Oppenheim (1923-1983). Retrospective exhibition. Some 130 works by the German surrealist artist including paintings, sculptures, drawings, objects, collages. Ends March 25.

Hamburg

Kunsthalle Glockengiesserwall. Ian Hamilton Finlay with works from the French Revolution. Ten of the Scottish painter's projects including reliefs and 40 graphic works are on show until Feb 28.

Munich

Städtische Galerie im Lehnbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rottluff, who died in Berlin in 1976, was strongly attacked during the Nazi years.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementoes and personal effects of the Great Emancipator.

Tokyo

Suntory Museum. Mission to Rome. In the early 17th century a feudal lord from northern Japan despatched a mission to the Pope asking Christian missionaries to come to Japan. This fascinating exhibition documents the failure of the delegation and the subsequent ban on Christianity that was to last over 200 years. Closed Tuesday.

Riccar Museum. Ukiyoe woodblock prints of the Meiji Era. Representative works from the late 19th century, when the woodblock print achieved its final flowering as western influences finally began to penetrate Japan's two century isolation. Closed Tuesday.

Japan Folk Crafts Museum. Woodblock prints by Shiko Munakata, a pioneer of the arts and crafts movement in Japan. The museum, in old farmhouse buildings, is a treasure-house of the traditional arts. Closed Tuesday.

SALEROOM

A passion for travel

A bust of an Egyptian harem girl, made from parcel gilt and silvered bronze in 1866 by the French sculptor Cordier, sold for £110,000 at Christie's yesterday to the London dealer Holdart. The price was about £50,000 below estimate.

Cordier was caught up with the French passion for things African in the mid. 19th century which led to the conquest of much of the north African coast. He travelled extensively,creating busts of the inhabitants with strict ethnographic accuracy. "Jeune femme fellah en costume de harem," 76 cm high, was commissioned by the French Government, yet is imbued with an ideal beauty.

The auction of 19th century art did very well, totalling £729,804 with 12 per cent unsold. Another French sculpture, a bronze of a naked nereid sitting on a dolphin, by Barye, was within forecast at £36,300 while the London dealers Hazlett, Gooden, Fox acquired a silvered and parcel gilt bronze figure of Sappho, 45 cm high and holding a lyre, for £35,200, double the estimate. It was cast by Victor Paillard in 1848 from a model by Jean-Jacques Pradier.

In the afternoon Christie's sold Spanish paintings, one of the hottest markets at the moments. A view of the Arc de Triomphe in Paris, painted around 1900 by Ulpiano Checa y Sanz, sold for £385,000 as against a top estimate of £80,000.

Sotheby's breathed a sigh of relief after its sale of topographical art when the most expensive item, a view of Athens painted in 1828 by Richard Harraden, most famous for his views of Cambridge, was sold privately. In the auction it was unsold at £28,000, contributing much to the 23 per cent bought in from a total of £590,600. It was bought by a Greek collector. In the auction an oil of the arrival of Sultan Abdulmehid in the Golden Horn, painted in 1842 by Jacob Jacobs, did well at £28,600. It sold to one of the Turkish buyers who have been a feature of the market in recent months.

Best price among the watercolours by Luigi Mayer, who travelled extensively in the Ottoman Empire in the late 18th century, was the £14,300 paid for two scenes of north Africa (estimate of £6,000.) The surprise of the auction was the £24,200 for an 1888 view of the Yosemites in California, estimated at up to £6,000.

In Christie's South Kensington "Man's Best Friends" auction of pet pictures an American paid £22,825 for a group of Clumber spaniels painted by John Emms in the late 19th century, estimated at £5,000.

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FINANCIAL TIMES

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Friday February 16 1990

Sad day for Hong Kong

THE ROUT of the British Government by the Chinese over the future of Hong Kong marks another unhappy defeat for Britain as an outgoing colonial power. The humiliation of British negotiators by Peking's tacticians on the introduction of democracy to Hong Kong is all the sadder for its predictability.

Over time, the more the British lowered their aspirations the more the Chinese rejected compromise. In the end, Britain meekly sought 20 rather than 18 directly elected seats out of 60 to the Legislative Council in 1991; the Chinese successfully insisted on 18 but magnanimously agreed to increase to 20 in 1995 and, as planned, 30 out of 60 by 2003. The numbers are meaningless. Either the Hong Kong people should have been given the best possible shot at democracy, self-determination and party political competition – in which case the British parliament's foreign affairs committee recommendation of 50 per cent directly elected in 1991 and 100 per cent in 1995 makes sense – or Peking's totalitarian views are paramount, in which case democracy is irrelevant. Britain has increasingly bowed to the latter view, now even allowing the Chinese to abandon any target date for the introduction of full direct elections.

The message to the people of Hong Kong is depressingly clear: their best hope now against the worst vagaries of one of the world's nastier communist autocracies is for revolutionary change within China itself before 1997. If that seems too much of a risk since the brutal massacres of demonstrators in Tiananmen Square in June, those that can will understandably seek alternatives wherever they can. The debilitating brain drain can only get worse.

Lone voice

Britain has been continuously wrong-footed on Hong Kong since 1982 when talks began about what to do when the lease on most of the territory expired in 1997. Mrs Margaret Thatcher was almost a lone voice in 1984 when she privately voiced doubts about the Sino-British joint agreement. Foreign Office sinologists persuaded her, against her better judgment, that a bruising battle with Peking would be counter-productive.

Britain should have introduced a measure of democracy to the colony a long time ago. Negotiators tried and failed to incorporate 1988 as the starting date in the 1984 accord. The British insisted privately that the omission was not serious and they would reach private agreement before 1988. The Chinese baulked; the British then, as now, retreated.

Last draft

The Basic Law covers Hong Kong for at least 50 years. The drafting finishes today. It will be considered by the National People's Congress in Peking next month and promulgated shortly afterwards. There are no more chances to argue, improve or prevaricate.

The final version is in many ways worse than earlier drafts. China has become increasingly hardnosed since Tiananmen Square. Political freedom is now further circumscribed by a new section prohibiting foreign political organisations or groups from conducting political activity in Hong Kong, and local political organisations or groups from establishing links with foreign political organisations or groups. In short, Hong Kong people will silently do as they are told or risk the same consequences as the Tiananmen protestors.

Britain was too late in contemplating democracy, too timorous when the Chinese dragon breathed fire and too naive, always believing that the next negotiations would be better than the last. They never were. The danger now is that the Chinese, having won the negotiations, will lose the prize; that by design or default the tiny but extraordinarily prosperous corner of capitalism that is Hong Kong will be subsumed into all that is stagnant in China.

It has been done before: Shanghai stands as a shabby shadow of its former glory. Confidence is already leaking out of Hong Kong at the rate of 1,000 skilled but despairing people a week. There will be many more. It is a sad day for Hong Kong and for Britain.

The case for a roof tax

POLL TAXES have an inglorious history. They were uniformly unpopular in medieval times and replaced everywhere by taxes linked to individuals' income, wealth or spending power. Property taxes have a much better track record. In just about every advanced democracy, they have become an important – and usually uncontroversial – source of local revenue. Britain's Labour Party thus deserves credit for announcing that it would scrap the community charge if it won the next election.

The primary objection to the poll tax is that it is an inequitable levy which is expensive to administer. It is unfair because there is no link between tax liabilities and any measure of an individual's means. The wealthy executive living in a valuable house pays exactly the same towards the cost of local services as a primary school teacher living in cheap rented accommodation. The plethora of rebates at the very bottom of the income scale do not tackle this fundamental inequity: they merely show that the tax as first conceived was unworkable.

The demands on local authorities are certain to rise in the 1990s as residents insist on higher quality schooling, community care, policing and environmental programmes. Indeed, the fact that Mr Chris Patten, the Environment Secretary, badly underestimated the probable level of the poll tax even in thrifty Conservative boroughs shows that Whitehall is out of touch with local concerns. If councils are to serve local residents properly they need a fairer and more flexible local revenue source than the poll tax – and one that is easier to collect.

Stronger case

The case for a local property tax of some kind is greatly strengthened by broader economic considerations. The purchase of a house is easily the most important consumption (and investment) decision made by most families. It is important that this decision is taken on its own merits. Yet house purchase is already artificially encouraged by a series of fiscal privileges, such as mortgage interest relief and capital gains tax exemption on main residences. After the overheating of the housing market in the 1980s, the rational move would have been to limit future volatility by reducing this excessive level of fiscal privilege. Yet by scrapping rates, Mrs Thatcher has made a bad situation worse.

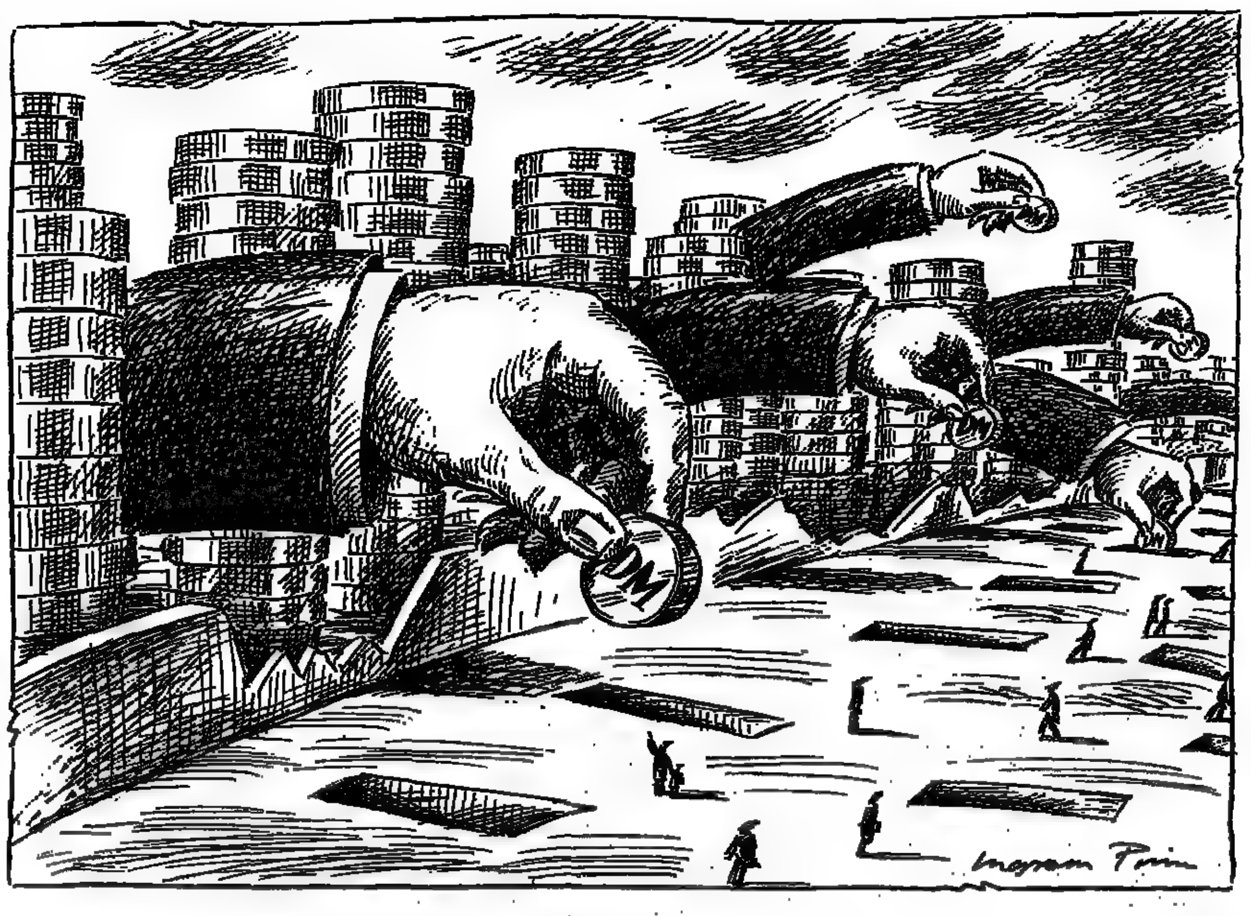
Labour is thus right to urge the reintroduction of property taxes. It is also right to favour a tax based on capital rather than rateable values. If Britain had a large and undistorted market in private rented housing, a tax based on rateable values might make sense. Given that the rented sector is tiny and heavily regulated, capital or market values are likely to prove a more reliable base. Mr Bryan Gould, the Shadow Environment Secretary, appears to believe that individual capital values could be established by a regular series of reviews as under the rates. An alternative approach would be to classify local housing into one of several broad price bands and levy tax accordingly.

Dual link

The weakness in Labour's proposals lies in the suggestion that tax liabilities could be linked to both property values and incomes. In practice this would almost certainly prove too complex. It is true that some owners of valuable properties have low current incomes, but they can hardly therefore claim to be poor. The little old lady who lives in a mansion can sell up and buy something more suitable if she cannot afford the roof tax.

That said, there is no reason why property taxes should be the only form of local taxation. In many countries such levies are bolstered by local income or sales taxes. In the 1970s, the Layfield Committee argued convincingly that if councils were to raise a higher proportion of revenue locally – and thus achieve a measure of genuine autonomy – rates ought to be supplemented by local income taxes. This argument is particularly relevant today: with Whitehall in control of business rates the proportion of revenue raised locally has fallen to a mere 25 per cent. This is too low for the health of local democracy.

David Marsh reports on the difficulties of unifying the German currencies



The D-Mark crosses the Wall

In the accelerating process of German unification, the D-Mark is the instrument and the prize of rapprochement – as well as one of the main potential casualties if, on the way, something goes wrong.

By pressing forward with talks with East Berlin on economic and monetary union, the Federal Republic is trying to use its financial muscle and East Germany's clamour for better living standards as twin levers to prise the beleaguered eastern economy from the grip of Stalinism.

As Chancellor Helmut Kohl told the Bundestag yesterday, West Germany is carrying to the negotiating table "our strongest economic asset – the D-Mark." An upsurge of anxiety about the consequences for West German inflation and interest rates underlines, however, that the operation brings not only unique opportunities, but also unique risks.

The D-Mark is the emblem of a country which chalked up a record foreign trade surplus of DM135bn last year and holds net foreign assets of around DM500bn. Its citizens spend about DM45bn a year on foreign holidays. The currency's attraction for luxury-starved East Germans is the ultimate symbol of how, after 40 years of competition between the two Germanys, capitalism has dealt communism an overwhelming defeat.

Bringing in the D-Mark to replace the inconvertible East German Mark as legal tender, and turning East Germany rapidly towards West Germany's own model of a social market economy, are prime preconditions for full-scale political unity. Yet the 1 percentage point rise in West German bond yields since the end of last year signals how, on international capital markets at least, there are worries that the monetary stability at the root of West Germany's economic success could be eroded.

The difficulties should not be exaggerated. East Germany has roughly one-eighth of the economic size of the Federal Republic. Even after absorbing 16m people in East Germany, a united Germany would have a Gross National Product per head 3 per cent higher than in France – and around 20 per cent higher than in Britain.

None the less, the challenge for both German states will be enormous. West Germany has adopted as its economic *leitmotiv* Chancellor Konrad Adenauer's 1957 election slogan of "no experiments." Now, at the most important juncture in its four-decade history, the Federal Republic has tacitly put that precept into abeyance.

"There is no time to go by the text book. They [the East Germans] want to have the D-Mark," says Mr Lutz Stavenhagen, Mr Kohl's pugnacious Minister of State in the Chancellery. Although some members of the Bonn Government believe that monetary union will not be in place until 1991, Mr Stavenhagen says that the "dramatic" danger of disintegration in East Germany makes the step necessary before the end of the year.

Mr Kohl acknowledges that both Germanys are under pressure from rising flows of discontented East Germans departing for the Federal Republic – an exodus which has the capacity to destabilise both countries. The Chancellor reaffirmed in the Bundestag yesterday that "in a politically and economically normal situation," he would be progressing much more cautiously. Mr Kohl this week has somewhat dampened the euphoria after Moscow's green light to German unity at the weekend by emphasising "fears and difficulties" along the road to unification.

Showing the gap between the two sides, Mr Hans Modrow, the East German Prime Minister, expressed disappointment on Wednesday – after two days of talks in Bonn – that the Federal Republic had failed to see the merit of his request for a DM10bn-15bn "solidarity" payment to shore up East Germany's economy.

The two sides have agreed to set up a commission – which will start work next week – to explore ways of implementing full monetary links. Mr Kohl is hoping that the new democratically-chosen government in East Berlin after elections on March 18 will respond more positively than Mr Modrow's interim Communist-led administration.

Scepticism however has come not just from East Berlin. Mr Karl Otto Pöhl, the president of the Bundesbank, last week described the government's "cryptic" proposals as "unprecedented" and said that West Germany was entering "new territory." These remarks were erased from the Bundesbank's official transcript of his Bonn press conference.

Mr Kohl has somewhat dampened the euphoria by emphasising 'fears and difficulties' along the road to unification

Bonn's independent council of economic advisers – the "five wise men" – has also this week come out against speedy monetary union. In a special report for Mr Kohl, the council warned that this could distract East Berlin from carrying out necessary reforms. It warned against the "illusion" that East Germans could enjoy West German prosperity without achieving West German productivity.

Seeking to steady currency market jitters, Mr Pöhl even said, after the regular central bankers' meeting in Basle this week, that the D-Mark would remain "a strong currency."

Mr Kohl surprised not only Mr Pöhl but also Ministers within his own Government by announcing last week that he was putting monetary union on the agenda immediately. This was an abrupt turnabout from the position drawn up in a Government committee only a day earlier that monetary union would be a step-by-step approach.

Mr Kohl wanted to give a signal to boost East Germans' confidence in their own future. But the Chancellor's own officials singularly mishandled preparations for this week's meeting with Mr Modrow. Bonn's repeated statements of alarm about impending East German economic collapse have contributed to East Germans' fears of approaching chaos.

After the lack of concrete progress this week, Mr Kohl may be confronted with the worst of all worlds. By first inflating, and then dampening, East German expectations about a rapid introduction of the D-Mark, Bonn may unwittingly have helped swell the tide of émigrés. And, by stimulating nervousness in the financial community at home and abroad about West Germany's capacity to finance a speedy East German takeover, the Government may have to weather a politically and economically damaging increase in interest rates.

Bonn officials estimate that as many as 2m East Germans are sitting "with suitcases packed" ready for departure. A much higher than expected 85,000 entered West Germany since the beginning of the year. This has taken the total to 430,000 since the beginning of last year – a flow which, in some parts of the country, is starting to put intolerable strains on social services and housing.

Illustrating fears about growing social tensions, one Bonn official says that unity will take place "either as controlled fusion, or with a blast."

Mr Theo Waigel, the Finance Minister, this week proposed a DM7bn 1990 supplementary budget, DM5.7bn of which is expenditure related to East Germany. This brings to 6 per cent – roughly double the original target – the increase in spending compared to 1989. Reflecting the booming economy – last year's growth rate of 4 per cent represented the first time since 1979 that West Germany grew at more than the industrialised country average – tax receipts are buoyant.

Mr Waigel is ruling out any idea of tax increases. He has his eye very much on the December 1990 West German general elections, which could conceivably be turned into an election for a combined German parliament. But, in view of the prospect of very large spending burdens related to German unity, many economists believe that Mr Waigel will have no choice but to raise taxes – perhaps in the form of temporary "unification levies" as early as next year.

Bonn will have to fund big rises in social security payments to prevent more emigration and social unrest

By stepping up the tempo of monetary talks, Bonn has not escaped three interlocking dilemmas over the future of the East German economy:

● West Germany is making clear that fundamental East German economic restructuring has to accompany the implantation of the D-Mark. As Mr Pöhl points out, the East German economy has been run along totalitarian lines not just since 1945, but since the Nazi takeover in 1933. The list of desirable liberalisation moves is thus very long, and includes freeing prices, reforming taxes, relaxing controls on private business and creating a western-style banking system to regenerate the economy and control the money supply.

Even if the political will existed to take such action, quick implementation would be very difficult. The East German Social Democratic Party, which looks likely to lead the government after next month's poll, has come out this week in favour of a step-by-step approach towards constructing a free market economy. German officials are worried that the commitment of other East German Opposition parties likely to participate in an SPD-led Grand coalition does not go very deep.

● Setting the D-Mark/East German Mark conversion rate – with a phased schedule for switching the 7,000 East German Marks the average East German household has in a savings account – will be exceptionally tricky. Currently, there are six different exchange rates for the East German Mark against the D-Mark, ranging from the nominal one to one official rate to the free-market level of around one to seven. The Bundesbank favours a rate towards the lower end of the spectrum, pointing out that overvaluation would ruin large parts of the East German economy. Too high a rate would also be inflationary. Too low a level (for instance, converting East German average monthly salaries of around 1,200 East German Marks into D-Marks at 1 to 4) would make East German wages compare so unfavorably with those in West Germany as to encourage further flight the West.

● Backed by the East German Opposition, Mr Modrow is holding out strongly for adequate West German payments to introduce a proper East German pension and unemployment benefit system. Bonn accepts it will have to fund large increases in social security payments to prevent social unrest and more migration once inevitable unemployment and price increases start to bite.

Mr Ernst-Moritz Lipp, chief economist of the Dresdner Bank, calls absurdly high some of the estimates which have been circulating on the London bond markets, suggesting a total East German financing need of DM100bn this year alone. He believes that private capital rather than Government funds will make up the lion's share of the very large sums East Germany will need to rebuild infrastructure, clean up the environment and renovate the economy.

Mr Lipp however acknowledges that, for restructuring the East German social security system, the Federal Republic will need to make transfer payments of around DM10bn to DM15bn a year for about four or five years – to be funded out of a 1.5 per cent increase in social insurance levies in West Germany.

The key question is whether the newly-elected East German Volkskammer will decide during the next few months on the far-reaching political step of assigning monetary policy sovereignty to the Bundesbank.

If the Bundesbank is fully in charge, East Germans can be reasonably sure of having a hard currency; but, if the economic medicine is to work, the arrival of the D-Mark will bring pain as well as benefits. The introduction of the D-Mark in western Germany in 1948 eventually triggered the economic miracle; but the number of people out of work in West Germany in 1950 was 1.9m.

Last word on "Z" and "K"

■ "Z", you may remember, was exposed by "K". Z was the pseudonym of the writer who predicted in the American journal, Daedalus, that President Gorbachev's attempts at reform would fail and argued that the US should not mourn his fall. K was the man who, writing form King's College, Cambridge, tipped us off about Z's identity.

As we have already written, Z is Martin Malia of the University of California. The question then became: who is K?

There has been some debate in the universities about this. We had a letter (actually signed) from St Antony's College, Oxford denouncing our claim that Z is Malia and asserting that K must be Ernest Gellner, Professor of Social Anthropology at Cambridge. Gellner belongs to King's College.

We were inclined to discount that theory: rightly, as it turned out. We also thought it most unlikely that anyone who used the pseudonym "K" would actually have a name beginning with that letter.

That is not how minds work in the academic world, however. At King's, suspicion fell on Hiroaki Kuromiya, a research fellow in Russian Studies and the author of Stalin's Industrial Revolution: Politics and Workers, 1928-1932. Kuromiya, having American university connections, was perfectly capable of working out that Z was Malia, but he was not K, and was pained by the thought that he was.

The real K has now come forward and has written a letter of apology to Kuromiya. He is Anthony Kemp-Welch, a political scientist working as an historian at the University of Nottingham and currently attached to King's. He is working on a study of Stalinism in the Soviet Union and Eastern Europe.

Kemp-Welch, who lives in Oxford, has also now "confessed" – if that is not too strong a word – to Observer. Since he says that he is an early founding member of the Scotch Malt Whisky Society, we shall send him a bottle after all. He has promised to send it on to Malia in California. And that, we trust, is the Z and K story finally cleared up.

OBSERVER

David stays

■ The remains of the French revolutionary painter, Jacques-Louis David, which have lain in a Brussels cemetery for the past 165 years, were due to have been buried in Paris this week as a sort of afterthought for France's bicentennial celebrations.

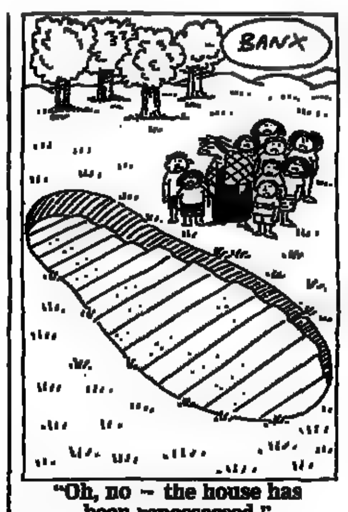
But there has been a hitch. David ended up in Brussels – alive – in January 1816, having been thrown out of France as a symbol of the revolution during the so-called "white terror", which accompanied the arrival of Louis XVIII on the throne after Napoleon's downfall.

A proud man, David refused to go back to his home country unless formally invited by the Government. The invitation never came. On his death, the body of the French painter, whose works have just been celebrated by a huge exhibition in the Louvre, was buried at the Brussels cemetery of Saint-Josse-ten-Noode.

Hervé Brouhon, Mayor of Brussels, perhaps rashly offered last year to dig the remains and hand them back for reburial in Père Lachaise cemetery, alongside many of France's artistic establishment. Jack Lang, the French Culture Minister, gladly accepted, and even received a letter giving final details of David's last journey as recently as last month.

The Mayor reckoned without Claude Michel, a Brussels city councillor from the opposition Liberal Party. Michel led a wave of protest against the scheme and took out a legal injunction against the move. A Brussels court has ruled that David's grave is an historic monument and that the painter must not be disturbed.

Mayor Brouhon says he is determined to pursue his plan.



"Oh, no – the house has been repossessed."

Eximious

■ Josephine Louis is opening a new shop. Perhaps better known in London as Mrs John J Louis, she is the wife of a former American Ambassador to Britain.

John Louis was President Reagan's first envoy here in 1981. He and his wife had a very happy time and went down very well until he went on holiday just before the Falklands War and somehow failed to get back to base on time. The Ambassadorship ended in 1983.

But he and his wife loved London. Shortly after they left, they bought a small mail order firm called Eximious. Although it is not yet making profits to speak of, running Eximious has become Mrs Louis's main occupation. Her husband, she says, had a job to go back to. He is part of the Johnson's Wax family and deeply involved in publishing. But she needed something to do.

Mail ordering, she explains, is a very different business in the US than it is in Britain. It goes all the way up the market and operates around the clock. She places her own mail orders around 10 o'clock on Sunday evenings when she has some free time. There is always someone there to take the call.

In the US, Eximious is based in Chicago, and is basically offering British goods to the American market. In London, there is a shop in West Halkin Street, Belgravia; a second will open officially at 52 Jermyn Street next month. It is already functioning.

There are two key ideas: presents and monograms. Eximious is not expensive. You can buy a dozen pencils there with your name on for £6.50. The highest priced item at the American end is an English barometer for around $1,000.

The business may branch out further. Mrs Louis has been going round Italy looking for the sort of craftsmen who first put Gucci on the map. She says there are a lot of them about. She would like to open shops in Edinburgh, Glasgow, Paris, Milan and perhaps Madrid, then have a profit-sharing scheme for her employees. What is clear at present is that she is thoroughly enjoying herself, and working very hard. She had not even heard about the Perrier scare or the parting of the Trumps.

Learning curve

■ A country reader reports that her efforts to teach her 10-year-old son to live graciously have finally borne fruit. When his uncle took him to lunch at a Mayfair hotel, he said "Please" before asking the waiter to bring chips with his smoked salmon.

POLITICS TODAY

A House hanging in the balance

By Joe Rogaly

Britain is back in hung parliament land. *This is not a reference* to the widespread view of how best to handle members of the House of Commons after their riotous behaviour at Question Time on Tuesday, but rather to the conventional wisdom on the current balance between the parties. I still cannot find many politicians who insist that they honestly believe that Labour will win the next election. What is now becoming quite common is the proposition that the Conservatives may lose their overall majority – that is, we can half-expect to have a Parliament in which one of the two major parties will have to do a deal *with the rump* of the old Alliance, or a selection of Scottish, Irish and/or Welsh nationalists, to cobble together a government.

Before going any further, I should say that in British politics people are always predicting hung parliaments at this time in the electoral cycle. They are usually wrong. The most recent exception was the February 1974 election, in which Mr Edward Heath lost *what had been a 30-seat* overall majority and the Tories found themselves with 297 seats to Labour's 301, with 37 constituencies held by minor parties. Mr Heath failed to persuade Mr Jeremy Thorpe to ally his 14 Liberals with the Conservatives; meanwhile Labour's leader, the then Mr Harold Wilson, lay low for a weekend awaiting a call from the Palace. It eventually came.

The speculation about such an outturn next time also hinges on arithmetic. The Labour Party needs to win about 100 seats to gain an overall majority. Because so much of its support is piled up in safe seats in Scotland and the north of England it needs to be around five percentage points ahead of the Conservatives, in national terms, to overcome the regional imbalance. This is a task of such magnitude that it is difficult to *believe that it will happen, although* as we have seen in eastern Europe and southern Africa, there is no accounting for miracles these days.

The Conservatives, on the other hand, would be deprived of their present overall majority if they lost only 50 or so seats – a far more believable proposition. The difference is made up by Liberal Democrats, Social Democrats, and various nationalists.

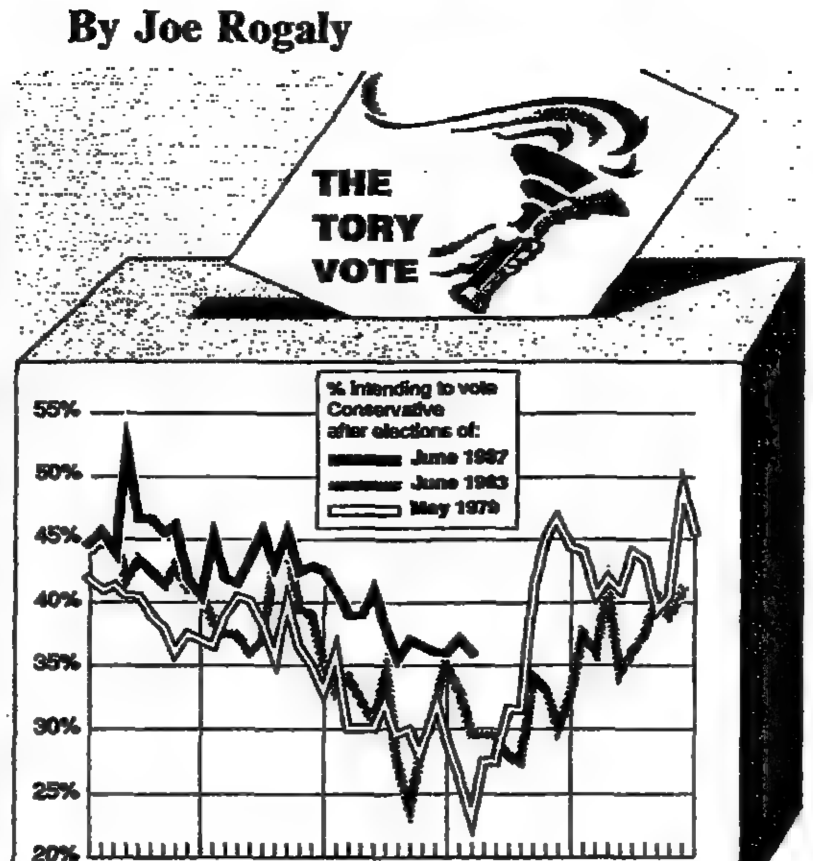
Here we may pause in the argument and consult the chart. I have selected just one set of figures - the trend in support for the Conservatives after the 1979, 1983 and 1987 elections. You will see at a glance that the Tories, for all their current depressed mood, are actually performing better today than at the same stage of the two preceding Parliaments.

I have also plotted the post-1987 curve against the mortgage rate; this chart, not reproduced here, indicates an almost mystic correlation between past mortgage levels and Conservative fortunes. As the rate rises, so Tory support falls, and vice-versa. I suspect that this goes some way towards explaining yesterday's news that, according to the ICM/Guardian poll, Labour currently boasts a 15 percentage point lead over the Tories. We may therefore assume that the Conservative score in the polls will get even worse, following Abbey National's decision to increase the rate once again. It is also reasonable to postulate that the rate will have peaked and be on its way down before the Prime Minister dares to face the electorate for what would be her fourth campaign. She has plenty of time before an election must by law be called: all of this year, next year and, if needs must, half of 1992.

There is one more set of figures to consider. The Labour Party is doing very much better indeed than it was at the same stage of the past two cycles. Its 46 per cent score last month compares with 34 per cent at this stage in the 1983-87 Parliament and 23½ per cent at the equivalent stage before that, in December 1981. This record of successive 10-point leaps forward would be even more impressive were it not for the fact that on both the two *previous* occasions the Tories recovered but Labour did not improve its position. It landed up on election day about where it was at half-time.

Refer the Conservative chairman, Mr Kenneth Baker, to my chart, and he is likely to reply, yes, but the political situation is different now. Of course it is. The principal difference is the much improved state of the Labour Party, which would call itself Britain's social democratic party were it not for the fact that others have patented the name. That apart, everything seems to be going Labour's way. The remnants of the old Liberal and Social Democratic parties, and even the Greens, seem to be shrinking further; the latest poll scores of all three minor national parties taken together add up to a mere tithe or so of the total, that is, less than half the Alliance out-turn in May 1987. Labour is the apparent beneficiary.

The poll tax is likely to be paid for in Conservative losses at the May local council elections. The value to the Conservatives of their reputation as guarantors of a strong defence is diminishing, as perceptions of a Soviet threat recede. The Labour party's reputation as better guarantors of a proper health service, education, and *higher state pensions* is perhaps of greater value today. The NHS is, unjustly, seen to be under threat from the Government's plans to reform it. The decrepit state of the



schools is, justly, blamed on Tory parsimony. *No pensioner* will be left untouched by the current rate of inflation. Thus many Conservatives dread the forthcoming by-election in what should for them be the safe seat of Mid-Staffordshire. Early local polls indicate a possible Labour victory, which would be a signal achievement for the party.

The task for the Labour Party is therefore clear. It must win and retain the support of as many erstwhile Alliance voters as possible. Some Labour front-benchers are more likely than others to help the party achieve this. One who is not consistently attractive to the centre vote is Mr Michael *Meacher*, whose tendency to phrase party policy on trade union legislation in a manner that made it look as unpalatable as possible caused his transfer to the job of spokesman on social security, where he can do less damage. *In the doubtful category* is Mr Bryan Gould, the spokesman on the Environment. He was regarded as particularly attractive on television in 1987. Yet if you suggest to his colleagues that, in some of his political statements, Mr Gould has "a touch of the Michael Meachers" you get a rueful assent in response. Mr Gould is, however, highly intelligent. He should be able to learn.

On the scale of likely appeal as decent and trustworthy ministers, some front-benchers to watch are Mr Jack Straw, whose portfolio is education; Mr Gordon Brown, trade and industry; Mr Donald Dewar, Scotland; Mr Tony Blair, employment and, way out in front, Mr John Smith, the shadow Chancellor. I am led to believe that Mr John Cunningham will be a wily campaigns co-ordinator.

Mr Straw is in favour of a national curriculum and better teaching; he differs from the Conservatives on issues such as student loans, the opting-out of schools, and the establishment of City Technology Colleges, *which Labour* mistakenly *rejects* as elitist. Mr Blair has made a reputation as a man of courage by coming out against the closed shop. His future pronouncements on the relationship of the party to the trade union movement could be of importance in quelling public disquiet on this vital matter. He has indicated, indirectly, that Mrs Thatcher's trade union legislation will not be repealed wholesale; perhaps *he will summon up* the further ounce of courage necessary if he is to spell that out unequivocally.

Like some of the others I have mentioned, Mr Smith strikes me as a man who might just as easily have become an old-style, one-nation Tory as a Labour frontbencher. Such folk would never be at home in Mrs Thatcher's Conservative Party, but they might have done quite well in Mr Macmillan's. But high quality Scottish and Welsh aspiring politicians are anyway unwise to become Conservatives, since that is no way to get elected in their home regions. Mr Smith's principal characteristics are niceness, and a sense of reason. He does not pretend to be a technical economist; his skill is advocacy, not numeracy.

It is perhaps for this reason that he has selected a small number of basic propositions and stuck to them. Labour, he says, will not overspend: if extra public spending is to be paid for out of growth, the growth must come first. He has the ambitious Margaret Beckett as his watcher of the shadow *public spending tally. Both of them* know Labour's vulnerability on this score. Where is the growth to come from? Education and training. What about the time lag between greater spending on the latter and the reaping of its benefits? Fudge creeps in here. Back to clearer messages. The top rate of income tax-plus-national insurance will not exceed 59 per cent. Labour will fight as the party of Europe. Mr Smith is to produce a paper, "Europe East and West" that packages its economic, industrial, employment and training policies as aspiring to be the best in Europe.

On the assumption that inflation and *mortgage interest rates start* falling by the year's end, this marginally convincing social-democratic approach will not be enough to win 100 extra seats for Labour. The party could enhance its prospects if it appealed directly to those who left it, including the faded SDP stars. If Mr Nelson Mandela can sue for ANC peace with Chief Gatsha Buthelezi's Inkatha, when followers of both are killing each other, then Mr Neil Kinnock, the Labour leader, should be able to offer a welcome to the failed schismatics. No deals. Just a come-home call. Even in the unlikely event that this happened, the graph to watch is the one above. For the Conservatives, that heavy black line must move upwards before the year is out. If it does not, a hung Parliament will be the least of their fears.

LOMBARD

Nods, winks and central bankers

By John Plender

BANKERS have always offered a perfect target for conspiracy theorists; none more so than *the central bankers who play* an important role in the politically sensitive area of monetary policy. They are undoubtedly powerful and, in some cases, democratically unaccountable. Yet the nature and extent of that power varies enormously from country to country and is not always easy to pin down.

The West German Bundesbank, for example, represents central banking at its most arrogant or most effective, depending on your *parti pris*. Last October it imposed an interest rate hike on the rest of Europe in response to a perceived inflationary threat that emanated from outside its own borders. Even within the Federal Republic it is scarcely accountable at national level. Yet its powerful president, Mr Karl Otto Pöhl, was forced last week by Chancellor Helmut Kohl to eat his words over the *pace of currency union* between the two Germanys.

While the 1957 Bundesbank Act gives Mr Pöhl independence in the pursuit of price stability, it also requires him to support the general economic policy of the federal government. No matter that these twin objectives may conflict. Mr Kohl has a very precise understanding of the limits of central bank power and the point at which he starts to call the shots.

The power of the Bank of England, by contrast, is as elusive as *the smile on the face of* the Cheshire cat. In recent years officials have been inclined to play down the all-pervasive influence of the Governor's eyebrows. Yet the outgoing Deputy Governor, *Sir* George Blunden, this week suggested otherwise. In a retrospective lecture which drew on 43 years of central banking experience he declared, in the regal plural, that "we have never been more generally influential than we are now."

That is no doubt true, in the sense that many of the Bank's *traditional* areas of influence, including supervision, have been reinforced by legislative authority. Yet there is no legislation designating the Bank of England as Britain's central bank or defining its monetary responsibilities. And in recent *years much of its role in monetary* policy has been usurped by the Treasury, which in turn has been prey to the centralising instincts of a Prime Minister who models herself increasingly on Louis XIV.

Deregulation has also undermined much of the Bank's wider influence in the economy. Since the abolition of *exchange controls in 1979* officials have wielded little power over industrialists – a point that emerged all too clearly when Mr Ernest Saunders dropped in at Threadneedle Street in the course of Guinness's bid for Distillers and proved immune to nods and winks. And the political fallout from the Johnson Matthey Bankers fiasco caused the Bank to play a smaller role in the securities markets than its instincts might have dictated.

Given the dismal failure of monetary policy under the *present government, would the* British be better off with a more powerful, independent central bank? Sir George argues forcefully that independence is of less importance for the pursuit of price stability than the commitment of the government and the electorate. And he is surely right. The French central bank is notoriously subject to political influence. But this has not prevented the French from achieving a much more impressive record on inflation than the British. The Americans *have a reasonably autonomous* Federal Reserve but a mixed record on inflation.

The Blunden prescription, both for Europeans and others, is for central banks to be given a statutory responsibility for achieving stable prices, but within a framework of public accountability. He would also prefer the British public to be more anxious about price stability. After this week's rise in mortgage rates, and the increasing likelihood that Mr Major will add to house price inflation by increasing mortgage relief in his first Budget, Sir George may soon get the public – if not the election outcome – any central banker would want.

LETTERS

The index-linking of occupational pensions

From Mr Michael Meacher MP.

Sir, I was dismayed by the comments of Mr Robin Ellison (Letters, January 27) on Labour's policy on occupational pensions and, in particular, his criticisms of the full index-linking we propose for early *leavers and pensioners*.

Mr Ellison is a member of the Occupational Pensions Board, which said in its recent report: "Time is running out for a structure of fully discretionary benefits." Yet, while paying lip-service to compulsory index-linking, he seeks to insert so many spokes in the wheels as to make it wholly impractical.

None of Mr Ellison's points confronts the central argument of our policy: that pensions which are not protected against inflation are bad pensions. And with moves towards earlier retirement and greater longevity their importance is becoming even greater.

Instead he warns that the cost may be too great for schemes to bear. *This* rings hollow at a time when most schemes are providing index-linked increases within normal contributions.

This leads to the subsidiary argument that times may get rough and employers will be unable or unwilling – given the abuse of their goodwill – to underwrite their scheme. Again this seems to contradict the view of the OPB which said: "We believe that (employers) tend to over-estimate the risk of partial guarantees."

Mr Ellison's final substantive point asks: "Who do schemes belong to?" Like 99 per cent of scheme members I have no problem with this. The scheme belongs to its members and should be used exclusively for their benefit. Moreover, the best way to ensure this happens is by implementing Labour's policy of 50 per cent-plus member representation on boards of trustees.

As Eric Short notes ("A moral dilemma within the pensions industry," February 13) the courts too are moving towards the conclusion that employers have no moral right to treat surpluses as their personal savings accounts. It would be a pity if the industry joined employers in dragging their feet on this and the other issues I have raised.

Michael Meacher,
Shadow Secretary for Social Security,
House of Commons, SW1

From Mr Bryn Davies.

Sir, Mr Ellison says: "... in the days of stagflation during the last Labour administration, employers pumped in sums (to occupational pension schemes) to pay for deficits when under no obligation to do so ..."

In one sense this is correct. Most pension schemes at that time were in deficit and employers paid money into them, following the advice of their actuaries. Employers, then as now, were rarely under any contractual obligation to continue contributing to pension schemes. I do not think, however, that we should read too much into this. In practice, most employers at that time paid as little as possible into schemes by way of normal contributions and rarely paid anything over and above such amounts.

There were a few well publicised cases of employers actually paying in extra money. But such action almost always had much more to do with the benefit to the company rather than providing extra security for members. Employers, at least in private, openly admitted the advantages of placing corporate funds where they could get a gross return, while *knowing full well that the net* effect would be to reduce the contribution burden on the company in future years.

The widespread practice at that time was for funds to be financed on the "aggregate basis." At a time when funds are in deficit this is a way of putting off funding those deficits for as long as possible. There were also some funds where the only contribution the employer made was to cover the accruing interest on the liabilities, with no payments being made towards the capital cost at all.

Since then funds have moved into surplus and funding methods have changed. The aggregate method, which would put off the removal of surplus longest, has been dropped. Methods used now reveal a surplus much more quickly and employers have not been slow to take advantage of those surpluses by way of contribution holidays and refunds.

What this suggests is that the greatest protection for members will come from establishing clearly understood funding standards, so that the money is paid into schemes to pay for the benefits that members can reasonably expect. Once the money has been paid into schemes, for the benefit of employees, it should then be *those employees that control* that money. Otherwise, as long as security for benefits depends to any extent on future promises by the employer, members' expectations will always be at risk.

Bryn Davies,
Director and Actuary,
PIRC,
40 Bowling Green Lane, EC1

Well, that figures . . .

From Ms Tonny Grey.

Sir, Your headline on the *Lex* column ("The right numbers from Telecom," February 9) – A nice touch as you would expect.

But are others too getting vexed at the growing substitution of "numbers" for "figures?" Are the former so superior, *the latter so plain, the two* terms synonymous?

Aren't you and we in danger of getting our lines crossed?

Tonny Grey,
12 Arden Road, N3

Students' financial support

From Ms Auriol Stevens.

Sir, The report ("Students loan *scheme will go ahead*," February 2) misrepresents the Vice-Chancellors' proposal for an alternative system of financial support for students.

This is that all students should be eligible for a full maintenance grant *without* – not with – assessment of parental means.

Auriol Stevens,
Director,
Universities Information Unit,
29 Tavistock Square, WC1

How the Chancellor might cope with chaotic processes

From Mr Andrew Blake and Mr Martin Weale.

Sir, As you report ("The butterfly's tip on exchange rates," February 3), chaotic models of the foreign exchanges or of other *aspects of economic* behaviour can have properties radically different from those of more conventional economic models. And perhaps conven*tional economists should* alter their view of the world.

But there is one important aspect in which the possibility of chaos reinforces and strengthens what many economists have been saying. Simple economic policy rules, saying perhaps that interest rates should be raised by a precalculated and preannounced amount, when inflation exceeds its target by a given *amount, have much to com*mend them. They are easily understood by the private sector and will make government policies more credible because it is clear how they will be enforced.

However, one of the strongest arguments in their favour is that they will work on a wide range of models. It is straightforward to show that this wide range of models includes chaotic models. The possibility of economic chaos thus greatly strengthens the case for an active economic policy and reinforces the view *that the interest rate should be* fine-tuned to control key variables such as the price level. Such a policy works by suppressing the chaos which would otherwise be present.

In 1955 Sir Anthony Eden made the helpful policy statement: "If the steps we have taken to fight inflation prove to be inadequate, we shall not hesitate to take further steps."

Mr Major is now working on *his first Budget. Let us hope he* will depart from past practice by announcing not only the usual menu of tax changes and wishful thinking but by announcing in addition a formal structure for economic policy setting out how the Chancellor will use taxes and the interest rate in future if, perhaps because of chaotic processes, the steps he takes next month prove to be inadequate.

Andrew Blake, Martin Weale,
Faculty of Economics and Politics,
Cambridge University

FINANCIAL TIMES
Friday February 16 1990

Natal clashes test SA leadership

Black politicians have had to accept government intervention in growing violence between rival factions, writes Michael Holman

MOUNTING violence in the province of Natal, where at least 100 people have died this month, is presenting the three key figures in South Africa's political arena with a critical test of their authority.

In an irony which reflects the complexities of South African politics, President F. W. de Klerk has this week been forced to send in additional troops to the province in an effort to stem fighting between supporters of the country's two leading black politicians: Mr Nelson Mandela and Chief Mangosuthu Buthelezi.

The upsurge in violence has placed Mr de Klerk in an invidious position.

Although the South African security forces have often been accused of backing Chief Buthelezi's supporters, only the Government has the resources with which to contain the fighting. Hence the decision on Wednesday to send an extra 1,000 troops into the province, reinforcing some 600 soldiers already deployed in and around the trouble spot.

In theory this decision should have provoked angry criticism from Mr Mandela and his African National Congress. One of the main preconditions to formal constitutional talks with the Government is the withdrawal of troops from townships.

In practice, the decision has been treated as a regrettable necessity, confirming the Government's argument that while the *total* lifting of the state of emergency (another ANC precondition to talks) might be feasible elsewhere, it will have to remain in force in Natal as long as the fighting continues.

Set against each other in a feud, which ranges from the pursuit of individual vendettas to running battles between axe-wielding gangs, are members of Chief Buthelezi's predominantly Zulu Inkatha movement and supporters of the United Democratic Front (UDF), closely aligned with the ANC.

Mr Nelson Mandela yesterday defended the ANC's policy of nationalisation in comments which may further unsettle South African financial markets.

Mr Mandela also explained comments made in a BBC interview in which he said the ANC military wing reserved the right to target government installations.

"What I said yesterday was merely to restate the established policy of the ANC. I was not talking about what is going to happen tomorrow or in the future."

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Police estimates put the death toll since the start of the year at more than 250, bringing the killings to about 2,000 in two years.

There are alarming signs of an upsurge in violence: killings in the past month have prompted Mr Mandela to appeal to local leaders to start peace talks and end "the scourge on our proud history."

The conflict is rooted in the bitter political rivalry between Inkatha, which opposes economic sanctions and rejects guerrilla warfare, and the ANC and UDF, which advocate both.

But other elements of the rivalry include ethnic tension between the largely Zulu Inkatha and the ANC, in whose leadership the Xhosa people are disproportionately represented. Add to this the tensions created by competition for jobs and housing in areas where unemployment is high and shanty towns are crowded, and where local "warlords" are prepared to fight to keep control of their patch, and it becomes a volatile mix of ethnic, economic, and political factors.

A further dangerous element has emerged recently in what is already a tense situation. Anti-Indian sentiment is said to be growing in black townships around the city of Durban, where most of South Africa's 1m-strong Indian community lives.

The days ahead will provide a test of the moderating influence both of Chief Buthelezi and Mr Mandela in the province as a whole, while Mr de Klerk attempts to keep the rival factions apart and give the mediators a breathing space.

Strasbourg reaffirms sanctions

By David Buchan in Strasbourg

THE European Parliament yesterday backed by nearly a two-to-one majority the maintenance of sanctions on South Africa, despite the freeing of Mr Nelson Mandela.

The Strasbourg vote, in which two British Conservative MEPs defied the call by Mrs Margaret Thatcher, Britain's Prime Minister, for some relaxation in sanctions, came before EC Foreign Ministers are due to discuss the issue in Dublin next Tuesday. The UK Government seems unlikely to get much support from its European Community partners for ending the voluntary ban on new investment in South Africa.

Mr Peter Price, one of the UK Conservative rebels, said "we would look foolish if pressure were removed now... when all the main pillars of apartheid remain in place." The debate ended in a broadly left-wing, *94-to-51 majority* in favour of maintaining "economic, financial and diplomatic sanctions."

Since 1985-86, when sanctions were stepped up, the EC has channelled some Ecu81m ($72m) to churches and trade unions in South Africa's black community.

THE LEX COLUMN

BP's search for the gushing nineties

Making sense of BP's annual results, with the asset sales, the effect of the share buyback, the recovery of abandonment provisions and the shift in the tax charge is difficult enough. But peering out over a distance of several years gives the observer vertigo. Not only does one have to predict Opec's machinations and the effect of eastern European political turmoil on oil demand and supply; the company also faces the potential costs of more stringent environmental regulations.

The oil price bulls – who include the company's management – see BP as particularly geared to any rise in the crude price. They say that the shares' prospective yield of something over 6 per cent still harks back to the 1980s when industrial dividend growth was comfortably outstripping that of the oil sector. In the early 1990s, industrial companies will be hard pushed to outstrip BP's likely 10 per cent annual dividend growth.

However, many of those arguments may already be in the price: BP's shares have outperformed the All-Share by 20 per cent over the past six months. In the short term, sterling's strength against the dollar, looming overcapacity in chemicals and a pick-up in the unusually low fourth-quarter tax charge will constrain earnings growth. In the long term, the old problem of replacing the Prudhoe Bay and Forties fields still has to be solved. The temptation for the new chairman will be to fill that gap with an acquisition in the US, which would seem to offer the stark choice between earnings dilution and a pile of debt.

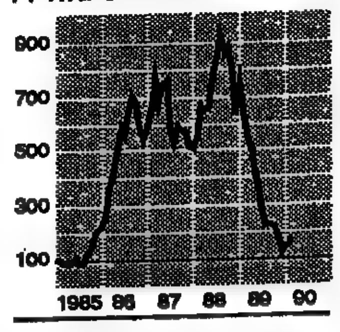
Hanson/Peabody

Forget all the chat about the wonders of the American coal business. Hanson's planned purchase of 45 per cent of Peabody Coal has far more to do with unlocking the real value of the biggest US gold producer than any desire to become America's number one coal company. If Hanson is to make a handsome profit on its £3.3bn takeover of Gold Fields, it has to unscramble Newmont Mining, the parent of Peabody and Newmont Gold. At the moment, it is receiving a mere $20m a year of dividends from a stake in Newmont which is currently valued at $1.75bn and should be worth considerably more.

Due to unwelcome overtures from an earlier predator, Newmont Mining has over $1bn of debt, negative net worth, and has erected a standstill agreement which severely restricts Hanson's room for manoeuvre. There are various permutations to the solution of this puzzle. *One option is for Hanson* to buy all of Peabody. This would have the effect of recapitalising Newmont, whose major asset would then be a $5.3bn controlling stake in Newmont Gold. Finding a bidder for all or part of Newmont Mining might even prove unnecessary if Hanson could persuade Newmont Gold to bid for its parent. This would leave Hanson with a smaller stake in a far more highly rated vehicle which it could presumably sell at leisure.

Amstrad

Share price relative to the FT-A All-Share Index



Amstrad

Amstrad's interim figures are welcome evidence of a halt in the group's decline. They are also a reminder that the stock is still one of the hardest in the market to call. Amstrad has eliminated its debt – if at a seasonally undemanding time of year – and has managed to run down excess stocks, except in up-market computers. But pre-tax profits for the full year could be as low as £40m, a quarter of the figure two years ago. The more sanguine market estimates see a recovery next year to £75m, the same level as five years before.

Whether Mr Sugar can regain his earlier momentum after a setback on this scale is impossible to say. For all his ebullience, he has no real means of knowing either. He has taken the sensible step of strengthening the management with outsiders; but it remains to be seen how far his formidable talents run to delegation within larger structures. As owner of 44 per cent of a company still worth £327m, there is no doubting his commitment.

The trouble is that the market has recently seen other examples, from Next to Coloroll, of youngish entrepreneurs running up against the limits of their competence.

At 57¼p, the shares are on 11 or 12 times current year earnings. The level in relation to the market average is in line with Amstrad's history. The market seriously underestimated Mr Sugar as recently as five years ago. It is to be hoped it is doing the same again.

BAA

Investors should read the small print on BAA's escape from an MMC investigation before they bid its share price up beyond yesterday's 386p. Given the paucity of information in BAA's last annual report, it is hard to quantify the financial impact of the 11 concessions BAA has made to the OFT on matters like duty-free discounts. But BAA's July 1987 offer document showed its car parking revenues, for example, growing at 20 per cent per annum in the five years before privatisation to reach £25m in 1987, a growth rate which has presumably continued. Yesterday's news that increases in car park charges at Heathrow, Gatwick and Aberdeen will be pegged at or below the retail price index will take some of the gilt off that particular gingerbread. Sir Gordon Borrie's reminder that in any case the MMC will review the London airports late this year also looks like a shot across BAA's bows.

Gestetner

Gestetner's bid for Nashua's non-US office systems side may be a tangible sign of acquisitive UK companies finding opportunities in the evaporation of North America's junk-bond and LBO markets. With little debt, four disparate subsidiaries and a break-up value anywhere from $60 to $70 per share, against a share price in the $38 range, Nashua looked an obvious LBO candidate in 1988 and 1989, with several raiders on its tail. If Nashua can propose selling its underperforming non-US side to Gestetner for $188m, with completion maybe four months away, it must be fairly confident the threat has lifted; for if predators were about, they would strike now. Gestetner's £65m rights issue to fund the deal may be an omen, too, of more UK companies raising capital for US forays.

Cocom close to high-tech sales agreement

By William Dawkins in Paris

THE Western allies are close to agreement on relaxing controls on high technology exports to Warsaw Pact countries but still have to settle technical details.

The deal would mean companies no longer needing export licences to sell high tolerance machine tools, 32-bit microcomputers and a range of telecommunications equipment to the eastern bloc.

Officials of the 17-nation Co-ordinating Committee for Multilateral Export Controls (Cocom), meeting in Paris yesterday, were also approaching agreement on procedural changes to speed up the export vetting procedures.

Cocom, which includes the Nato countries minus Iceland but plus Japan and Australia, exists to stop the sale of militarily-useful technology to the Soviet Union, its allies and China.

The meeting, Cocom's first practical response to changes in eastern Europe, heralds the end of a long division between Washington, a stern believer in curbing technology sales to the Warsaw Pact, and many west Europeans. The latter believe some of Cocom's restrictions are out of date and that a reduction in technology trade barriers can make a big difference to the growth of democracy in the east.

The details yet to be settled cover how to make such reforms without allowing goods and know-how of real strategic importance to reach the east bloc. This includes how to establish and monitor export controls in eastern European countries so that controlled technology does not leak through them to the Soviet Union, still seen as more of a strategic threat than its allies.

Officials said all sides were showing great flexibility, as the second part of the two-day meeting continued into the evening. However, the outstanding issues were extremely complex and interlinked, so that any final agreement would come as a package.

● Alcatel, the French telecommunications group, is to supply 15 digital telephone exchanges, including 34,000 lines, to East Germany.

The contract, small but of great strategic importance, was signed by Mr Klaus Wolf, the East German Posts and Telecommunications Minister, with Mr Gerhard Zeidler, director of Alcatel's West German subsidiary.

This is East Germany's first purchase of digital exchanges from the west, said Alcatel, which confirmed that the deal had been cleared through Cocom. The exchanges are expected to come into full service by July 1992, linking East Berlin and six other East German cities.

French accuse BAe of Airbus sabotage

By Paul Betts in Singapore

THE controversy between British Aerospace (BAe) and some of its partners in the Airbus consortium intensified yesterday as a senior executive of Aerospatiale, the French partner, accused BAe management and unions of sabotage of the consortium.

A 16-week engineering strike over shorter working hours at BAe's plant in Chester, England, is bringing production of the Airbus to a halt. BAe produces the wings for the airliners assembled at Toulouse in south-west France.

Mr Jacques Plenier, head of the French state-owned group's aircraft division, said yesterday: "It is a real sabotage of the Airbus system by BAe management and the UK unions."

He said the French company intended to press financial claims against BAe for the financial damage done to the consortium and its partners by the strike, which is estimated to have cost the four-nation consortium $180m up to the end of last month.

The latest rejection by the unions of BAe's latest proposals to end the strike are now causing widespread concern not only at Aerospatiale but at MBB, the West German partner in the Airbus consortium. Aerospatiale and MBB have a 37.9 per cent stake each in Airbus, while BAe has a 20 per cent stake and Casa of Spain 4.2 per cent.

So far MBB has adopted a lower key approach to the UK strike. But Dr Erich Riedl, the Secretary of State responsible for aerospace affairs at the West German economic ministry, said yesterday that the British partner had to resolve the strike because it could ultimately lead "in the worst case" to the end of the programme.

Speaking at the Singapore air show, Dr Riedl said the Airbus system was vulnerable to the risk of a strike because of its structure with four different national partners. He said the Germans could not understand why it was so difficult for BAe to resolve the strike. "If Rolls-Royce was able to reach a consensus with the unions, it should be possible for BAe too," he added.

Mr Plenier said he had written to the Airbus supervisory board to invoke an article in the Airbus statutes which would make BAe liable to pay 40 per cent of the costs of the strike to the consortium and its partners for failing to fulfil its work share commitments.

Dr Maurice Dixson, managing director of BAe's commercial aircraft division, defended in Singapore BAe's handling of the strike. He said local management at Chester had been talking with the unions to try to establish productivity arrangements to fund reduced working hours.

"Management is talking and is prepared to accept a 37-hour working week, but it is not prepared to sacrifice the company's competitiveness. We don't believe this is unrealistic nor unreasonable," he said, adding that the 37-hour week had been on offer since Christmas.

Hokuriku Bank to win UK branch

By David Barchard in London

A TWO-YEAR dispute between the UK and Japan about access to each other's financial markets ended quietly yesterday. Hokuriku Bank, one of Japan's main regional banks, and the 78th largest in the world by asset size, was given the green light to go ahead with an application for a London branch.

The Bank of England declined to comment on Hokuriku's application but there were clear signals from Japan that the bank has been told the way is now open for it to make an application. Hokuriku had earlier been the main casualty of an informal policy by the UK of discouraging Japanese regional banks from setting up branches or subsidiaries in London.

This was introduced in retaliation for the exclusion of two UK stockbrokers, James Capel and Barclays de Zoete Wedd, from the Tokyo Stock Exchange in December 1987.

Last month the two stockbrokers were told they could apply for seats on the Tokyo Stock Exchange and their two-year waiting period had ended.

Polite hints to Hokuriku, which had been patiently waiting in the wings in London, that the time was not ripe for a formal application in the UK, have now also disappeared.

Hokuriku's entry will be significant in its own right, as it will be the first time a London branch has been set up by a true Japanese regional bank. Several others are now expected to try to follow, including Chiba and Hyyakujushi Bank.

Four presidents – (from left) Alan Garcia of Peru, George Bush of the USA, Virgilio Barco of Colombia and Jaime Paz Zamora of Bolivia – walk under the palms at the anti-drug summit in Cartagena, Colombia yesterday. Report, Page 3

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Dubrovnik	F	15	59	Malta	S	18	64	Rhodes	C	15	59
Algiers	S	23	73	Edinburgh	S	4	39	Manchester	C	5	41	Rio de J'o	–	–	–
Amsterdam	F	4	39	Faro	S	17	63	Manila	–	–	–	Rome	S	15	59
Athens	S	18	64	Florence	C	15	59	Melbourne	S	25	77	Salzburg	T	5	41
Bahrain	S	21	70	Frankfurt	F	4	39	Mexico City	–	–	–	San Francisco	S	2	36
Bangkok	–	–	–	Funchal	C	16	61	Miami	S	23	73	Seoul	R	5	41
Barcelona	S	20	68	Corunna	R	11	52	Milan	S	19	66	Singapore	S	32	90
Beirut	–	–	–	Gibraltar	S	19	66	Montreal	C	–	–	Stockholm	C	0	32
Belfast	S	4	39	Glasgow	F	5	41	Moscow	Sn	–2	28	Strasbourg	F	9	48
Belgrade	S	14	57	Guernsey	F	8	46	Munich	T	4	39	Sydney	F	25	77
Berlin	Sl	1	34	Helsinki	Sn	–1	30	Nairobi	F	29	84	Taipei	–	–	–
Biarritz	C	14	57	H. Kong	C	19	66	Naples	C	15	59	Tangier	C	16	61
Bombay	–	–	–	Innsbruck	R	3	37	Nassau	–	–	–	Tel Aviv	R	12	54
Bordeaux	Dr	13	55	Inverness	F	4	39	New Delhi	S	17	63	Tenerife	S	19	66
Brussels	F	6	43	Islamabad	–	–	–	New York	C	3	37	Tokyo	R	6	43
Budapest	R	3	37	Istanbul	S	12	54	Nice	S	18	64	Toronto	Sn	–7	19
B. Aires	–	–	–	Jakarta	–	–	–	Nicosia	F	17	63	Tunis	S	21	70
Cairo	S	22	72	Jersey	F	9	48	Oporto	C	15	59	Valencia	S	22	72
Cape Town	C	22	72	Jo'burg	T	18	64	Oslo	C	1	34	Venice	S	10	50
Caracas	–	–	–	Lima	–	–	–	Paris	F	9	48	Vienna	R	1	34
Casablanca	C	14	57	Lisbon	F	14	57	Peking	S	7	45	Warsaw	C	1	34
Chicago	Dr	–2	28	London	F	8	46	Prague	Sn	1	34	Washington	C	6	43
Cologne	C	1	34	Los Angeles	S	6	43	Reykjavik	S	–1	30	Zurich	R	8	46
Copenhagen	–	–	–	Luxembourg	F	5	41								
Corfu	C	16	61	Madrid	S	10	50								
Dallas	C	3	37	Majorca	S	21	70								
Dublin	S	5	41	Malaga	S	18	64								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Banks split over tunnel scheme

Continued from Page 1

with BART (Bay Area Rapid Transit) in San Francisco.

Mr Tony Ridley, previously managing director construction, will continue to be responsible for managing the construction contract. The position of Mr Ridley, former chairman of London Underground, had been expected to become more difficult as a result of Mr Fleming's appointment.

Argentina, UK restore relations

Continued from Page 1

guarantee of the islands' security and the keystone of the "Fortress Falklands" strategy.

Mr Gerard Robson, a member of the islands' Legislative Council representing Stanley, the capital, said yesterday that "the Falklands will not be overjoyed." But defence interests, as well as foreign affairs, were the preserve of the UK.

The UK and Argentina have traditionally had strong commercial ties. But UK-Argentine trade shrank rapidly after the war, and is expected to recover only slowly.

FINANCIAL TIMES
COMPANIES & MARKETS
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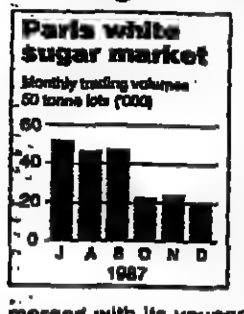
Friday February 16 1990

INSIDE

Sir Peter goes out on a high note

British Petroleum's Sir Peter Walters had the satisfaction yesterday of announcing a 13.4 per cent increase in after-tax profits to £345m ($583m) in the fourth quarter, before his retirement as chairman. The company is also raising its 1989 dividend to 14.9p, a 10 per cent increase on the previous year and the seventh consecutive annual rise. BP forecast that oil prices would reach $25 a barrel by 1995, against a predicted average figure of $18 a barrel this year. Page 26

It's a fight to the death

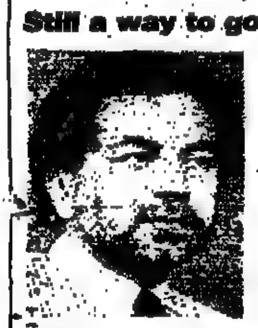


The Paris and London commodities markets are at daggers drawn. Since the latter opened its white sugar futures contract in July 1987, sugar trading in Paris has slumped, with neither doing enough volume to gain the upper hand. In a move to restore its competitive edge, the Paris commodities market has merged with its younger sister, the Matif financial futures market. Brokers' commissions and dealing costs have also been slashed and Mr Gilbert Durieux, Matif's managing director, is warning the London Futures and Options Exchange that: "We will have to do battle until one of us yields." Page 36

Ready for lift-off

Business is booming at the Vienna Stock Exchange, where turnover reached Sch9.5bn ($812m) last month, compared with Sch1.3bn in January 1989. For many international investors, especially the Japanese, Vienna is perceived as a potential launching pad into eastern Europe. Since January 2, share prices for construction companies Wienerberger and Porr have increased by 17 per cent on expectations that they will cash in on building contracts in eastern Europe. Page 48

Still a way to go



Amstrad, the UK computer and consumer electronics group, was still not quite experiencing the sweet taste of success yesterday. It announced pre-tax profits of £30.1m ($50.7) for the half-year to December 31, sharply down on the previous year's £75.3m. However, Mr Alan Sugar, left, Amstrad's founder and chairman, said the company's inventory would be down by about one-third from its peak by the end of this month. Page 26

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Hoechst	300	+	7.7
Mannesman	356	+	5.5
Preussag	409.8	+	8.8
Viag	393	+	4.5
Falls			
Lohmeyer	934	−	8
Leifheit	650	−	5

NEW YORK ($)

Rises			
Gen. Motors	43⅞	+	⅜
Growth Fd Spain	13¾	+	⅜
J.P. Morgan	37⅞	+	1⅛
Nashua Corp.	35¾	+	⅝
Readers Digest	22⅛	+	⅝
Falls			
J.C. Penney	66⅞	−	2⅛

PARIS (FFr)

Rises			
Bouygues	565	+	15
[illegible]	2759	+	59
Localrance	519	+	24
Falls			
Carrefour	3221	−	79
Immobanque	832	−	13
SILIC	830	−	10

TOKYO (Yen)

Rises			
Hazama Kogyo	1400	+	120
Marantz Japan	1550	+	130
Teisho Elec.	1480	+	160
Tokai Kisen	1550	+	170
Union Optical	1800	+	170
Falls			
Nitto Denko	1970	−	220

New York prices as at 12.30pm.

LONDON (Pence)

Rises			
BAA	395	+	12
Brit. Telecom	308	+	2
Christies Intl.	324	+	3
[illegible]	732	+	24
Guinness	660	+	8
GUS	1030	+	10
Hambros	320	+	12
Hartwell	156	+	10
Higgs & Hill	422	+	11
N.W. Water	168	+	8
Racal Elects.	281	+	7
Reuters	1061	+	15
S.W. Water	200	+	9
Thames Water	165½	+	7
Water Pack Uts	1723	+	68
Welsh Water	195	+	6
Falls			
Brit. Aerospace	524	−	2
Enterprise Oil	644	−	7
Eurotunnel Uts.	573	−	11
Fairline Boats	693	−	130
GKN	398	−	1
ICI	1068	−	3
Independ't News	423	−	20
Newman-Tonks	174	−	10

Hanson buys 45% stake in Peabody

By Roderick Oram in New York

HANSON, the UK holding company, has paid $504m for a 45.03 per cent stake in Peabody Holding Company, the largest US coal producer. The stake was held by Boeing, the aerospace group; Bechtel Investments, an arm of the construction engineering group; and Eastern Enterprises, a natural gas distributor.

It is also negotiating to buy the remaining 54.97 per cent from Newmont Mining, the US company in which it acquired a 49 per cent interest when it took over Consolidated Gold Fields, the UK mining concern, last year.

Newmont Mining, one of the largest US gold producers, said it was holding preliminary discussions with Hanson but was also talking to other parties. Mr James Hill, Newmont's vice president for corporate relations, said the company expected to be paid a premium for its controlling interest in Peabody.

"Peabody's coal business represents an attractive investment," said Sir Gordon White, chairman of Hanson Industries, the US arm of Hanson. "With the new and more efficient technologies being perfected for both mining and burning coal, this is a source of energy upon which America can rely."

The purchase marks Hanson's first investment in the energy sector although it is heavily involved in other extractive industries. Asked whether Hanson would build up an energy sector through other deals, Mr Martin Taylor, Hanson's vice chairman, said: "We are concentrating on this one for now." He said the company would continue its "opportunistic" policy of assessing potential investments as they arose.

Mr Marc Cohen, coal mining analyst at Kidder Peabody, said Hanson had paid "a decent but not a great price" for the initial stake. "Through more than $1bn of acquisitions and capital spending over the past five years, Peabody has significantly improved its performance," he said. "But its net profit margins of around $1.10 a ton still lag far behind the industry leaders' $4 to $5 a ton."

Among the most profitable producers are Consolidation Coal, a subsidiary of Du Pont, and Mapco, an independent energy group based in Oklahoma.

Peabody's average selling price per ton is high, reflecting the geographic mix and type of coal produced, but its margins are low, in part because of the high cost of operating mines in the east and Midwest.

Although Peabody is the largest producer of low-sulphur coal in the US, just under half its output is high sulphur. The latter requires consumers to invest heavily in emissions control equipment to prevent acid rain.

Founded 107 years ago, Peabody has coal reserves of 8.7bn tons spread throughout all leading US fields. Last year it produced 87m tons of coal, or some 9 per cent of the nation's output. It made pre-tax profits of $136.5m on revenues of $1.74bn. Its net asset value was $621.9m at year-end.

Lex, Page 18

Gustave Leven, chairman of Perrier: group fortunes will depend on success of crisis management

And if one green bottle should accidently fall

Philip Rawstorne on how Perrier's competitors have reacted to troubles at the French drinks group

As Perrier yesterday strove to limit the damage to its worldwide business caused by the withdrawal of its contaminated mineral water stocks, competitors rushed to fill the gaps on the supermarket shelves.

At stake were not only shares in the booming mineral water sector but the health of the international market itself, built on an image of purity and quality.

Total annual sales are valued at $2.1bn in the US, FFr8.2bn ($1.4bn) in France, DM3.9bn ($2.3bn) in West Germany, L1,665bn ($1.3bn) in Italy and £150m ($254m) in the UK by Euromonitor, the market research agency. Total consumption in 16 west European countries last year was 19.3bn litres.

As Perrier announced its decision to withdraw its product, its French rival, Evian, which has almost as much advertising exposure, was poised to boost its supplies to outlets in the US and Europe.

In the UK, Cadbury-Schweppes' Malvern Water, Scotland's independent Highland Spring and a host of smaller bottlers put on extra shifts to boost production.

Some of them did so with a gesture of gratitude to Perrier for its decision to ban sales. They believe that, apart from giving them a competitive edge, it may have limited the danger of adverse consumer reaction to the £150m UK industry as a whole.

Mr David Woolfall, finance director of Highland Spring, said: "I think Perrier has taken a very brave decision. By withdrawing its stocks, it has preserved the integrity of the mineral water industry. We shall have to wait to see how consumers react, but I believe they will see it as an isolated incident that has been quickly put right."

British bottlers were responding yesterday not only to calls for increased supplies within the UK but from the US, too.

Mr Denis Critchley-Salmonson, managing director of Strathmore Mineral Water, in Forfar, Scotland, said the company had been "inundated with inquiries" from the US and had gone on round-the-clock production in an attempt to meet demand. Though UK customers would be given priority, 500,000 litres of water would be sent to the US this week.

"Perrier's problems obviously present great opportunities for us, though this is not the way I would choose to win business from a competitor," he said.

Since Perrier's market share is far higher than that of any of its competitors in the UK, even their combined efforts are unlikely to fill the gap before supplies are resumed from Vegeze in three to four weeks' time.

In the meantime, Perrier's UK distributor, Hereford cider-maker, H. P. Bulmer, is increasing supplies of the Perrier-owned Buxton Spring water to customers and has completed arrangements for the collection of Perrier stocks from retailers.

Mr John Rudgard, Bulmer's managing director, said: "Our management team and sales force of 180 have been fully briefed and have been explaining the situation to customers. Extra vehicles have been hired to collect the withdrawn stocks and return them to our warehouse."

Perrier UK managers are discussing with the company's advertising agency Leo Burnett – responsible for the successful Eau La La campaign on which £6m was spent last year - the form of new marketing efforts aimed at reassuring customers about the quality of the product as it comes on sale again.

In recent health scares, egg producers, plus the soft cheese and cook/chill food industries, were criticised for failing to take more positive action to reassure consumers worried about salmonella and listeria.

Accepted marketing wisdom, according to Mr Martin Langford, joint managing director of communications agency, Burson-Marsteller, is that health crises do not usually threaten corporate survival – except in the case of single-product companies that are forced to pull their product from the shelves.

With more than half its FFr1bn profits derived from mineral water, Perrier's fortunes depend heavily on the success with which it manages the crisis. Opinion on that varies, but the consensus is that after a poor start in the US, it is now regaining control of the situation in the UK and Continental Europe.

Perrier became aware of the possible presence of benzene in its bottled water stocks in North Carolina eight days before it made its disclosure. The company said it had to complete an internal sampling to determine the extent of the contamination.

It then withdrew only its US stocks, believing the contamination was confined to the production line handling North American exports.

Its understated announcement, and reliance on media reports to reassure customers, attracted unfavourable comparisons with Johnson & Johnson's handling of the Tylenol drug crisis in which the company mounted a large-scale information campaign to restore consumer confidence.

These earlier measures also contrast with more decisive action in the UK, after Mrs Wenche Marshall Foster, chairman and chief executive of the UK operation, was alerted to the US contamination last Saturday.

On Monday she asked for tests of UK samples to be made by an independent analyst, Hydrotechnica, and by the Ministry of Agriculture, Fisheries and Food.

First results of the independent tests on Wednesday morning showed traces of benzene and the crisis committee set up by the UK company decided that all stocks should be withdrawn. The parent company, headed by the 75-year-old Mr Gustave Leven, was notified but asked the UK team to wait for the Paris press conference at 4pm.

In the meantime, UK retailers were alerted and arrangements made for the publication of full-page explanatory advertisements in yesterday's national newspapers.

A customer freephone line was also opened to deal with consumer inquiries and refunds were offered on returned bottles.

Mrs Marshall Foster said: "The sales ban will cost millions of pounds but the brand would have suffered more damage long term if sales had not been halted."

P&D fails to follow County NatWest on Blue Arrow

By Richard Waters

UBS Phillips & Drew, the Swiss-owned investment bank, yesterday walked into a storm of protest from institutional investors, many of them its biggest clients, as it rejected calls to pay compensation over the Blue Arrow affair.

P&D's refusal – coming a day after County NatWest, the investment arm of UK clearing bank National Westminster, had agreed to pay out £30m ($50.7m) – led several institutions to say they would consider taking business away from the firm.

Mr Rudolf Mueller, chairman of UBS's London operation, later launched a spirited defence of his bank's decision, denouncing claims that it was a "tight-purse Swiss."

The day of accusation and counter-accusation began as P&D announced that it would not pay compensation until any criminal proceedings over the affair have been completed. Both it and County, along with 11 individuals, face criminal charges over the way they disguised the failure of Blue Arrow's £837m rights issue from the stock market in 1987.

Institutions, which have been pressing for compensation through the industry-wide Institutional Shareholders Committee, were disappointed by the P&D decision, having yesterday welcomed County's offer of money.

One large pension fund with more than £6bn under management, which declined to be named, said: "Clearly, if we can't bring any other leverage to bear on P&D, we would take our business away. It's not an empty threat."

One of the UK's largest insurance groups added: "Up until now we have not altered our dealing position. At the moment, it is unwise to be talking of threats of that kind – although it must be at the back of our minds as a possibility."

Responding to these challenges, which could undermine his bank's position in the UK equity market, Mr Mueller of UBS said: "Everyone is saying UBS or the Swiss are tight. This is not the case ... We basically feel very strongly that we will not walk away from any commitment. But it is our firm belief that so far nothing has been proven in court. You cannot accept a claim unless you admit that your people are guilty. We have a big problem with that."

GM and Ford hit by N American market slowdown

By Anatole Kaletsky in New York

GENERAL MOTORS and Ford, the two leading US car companies, reported sharply lower profits, hit by weak demand and intense competition in the North American car market.

However, both companies expressed guarded optimism about this year's outlook and noted that they were still achieving record or near-record profits in Europe and other overseas markets.

The stock market, where analysts months ago had braced themselves for disappointing profits in the automotive sector, took the results in its stride, bidding up both companies' share prices in moderate trading. At midday, GM's stock was up $⅛ to $43⅞, while Ford was $⅛ ahead at $44⅞.

General Motors earned $700m in the fourth quarter, down 55 per cent from the $1.29bn reported the year before.

The company's annual profits totalled $4.22bn, down 13 per cent from the $4.86bn earned in 1988. The 1988 result included a one-time accounting charge of $224m. The annual earnings attributable to GM's main common shares fell to $6.33, 12 per cent down from $7.17 in 1988.

GM's total revenues fell by 3 per cent in the latest quarter to $31.4bn, while annual revenues increased by 3 per cent to $126.9bn.

The company said its worldwide sales of cars and trucks fell by 2 per cent to 7.946m units. North American sales fell by 6 per cent to 5.574m units.

Ford reported fourth-quarter net income of $314m or 68 cents a share, including a loss of $424m or 91 cents from the sale of the company's Rouge Steel division. Ford made $1.16bn or $2.42 a share in the fourth quarter of 1988. The car maker's annual profit was $3.84bn or $8.22 a share after the Rouge Steel charge, compared with $5.3bn or $10.96 in 1988.

Excluding the Rouge Steel charge, Ford's earnings per share were down 34 per cent in the latest quarter and 17 per cent lower for the year as a whole.

The company's quarterly sales were up 1 per cent at $24.15bn, while annual sales were 4 per cent higher at $96.15bn.

Ford's worldwide sales of cars and trucks declined by 3 per cent to 6.336m units, while North American unit sales fell by 5 per cent to 4.036m.

Sky losses take toll on News Corp profits

By Chris Sherwell in Sydney and Raymond Snoddy in London

HEAVY LOSSES from Sky Television in the UK and the Australian pilots' dispute, together with increasingly burdensome debt costs, have reduced by almost half the equity-accounted interim profits of Mr Rupert Murdoch's News Corporation.

For the six months to December, net profits were A$136.3m (US$103m), down 47.7 per cent. This was before the inclusion of abnormal items, which left the bottom-line result at A$152m, down 65 per cent.

The setback marks a climax to weeks of investor pessimism which has seen News Corporation shares dive from a high this year of A$14.90 to A$10.90 ahead of yesterday's results, which were released after the close of trading.

Revenues grew 14.5 per cent to A$4.12bn, with a strong increase in the US outweighing small declines in the UK and in Australia and Pacific region.

But the group's profits were hit by A$103m in losses over four months by Sky, News Corp's costly investment in satellite broadcasting in the UK.

Start up costs of $A227m are being amortised over five years. In addition, operating losses are still running at more than £2m ($3.4m) a week, although the first significant revenue streams from a subscription film channel should begin later this year.

Although the group's overall profits before interest and tax rose 9.5 per cent to A$671m, the Sky losses – which the group emphasised were in line with the long-term business plan – meant the UK contribution was more than halved to A$83m.

Mr Terry Povey, media analyst for stockbrokers ANZ McCaughan said yesterday he expected the economic slowdown to hit the most vulnerable part of News Corp in the UK, in particular the classified advertising revenue of the Sunday Times newspaper. He also expected losses at The Times daily paper to rise.

Norsk Hydro raises dividend despite slip to NKr2.69bn net

By Karen Fossli in Oslo

NORSK HYDRO, Norway's largest stock market listed company, yesterday announced a decline in net profits to NKr2.69bn ($416.4m) for 1989 from NKr3.43bn the previous year, despite a 10 per cent increase to NKr6.99bn in operating income.

Hydro said the year's result was affected by higher financial costs and increased tax, though lower net profits in all business divisions except oil and gas also contributed to the overall decline. The company, however, plans to increase its dividend to NKr4 a share compared with NKr3.75 in 1988. Dividend payments in Norway were frozen in 1988 and 1987.

Net financial expenses in 1989 nearly doubled to NKr1.54bn. Provisions for current and deferred tax reached NKr2.6bn or 48 per cent of pretax income, compared with 41 per cent in 1988.

The increase in tax is attributed to higher earnings from oil and gas activities and unspecified losses in Canada relating to the start-up of a magnesium plant.

In addition, the realised and unrealised effects of foreign exchange movements in 1989 translated into an exchange loss of NKr377m compared to a gain of NKr118m in 1988.

Hydro's oil and gas division was the group's best performer by far, increasing operating income by 126 per cent to NKr2.44bn.

The rise was assisted by a massive 285 per cent increase in fourth quarter operating income brought about by a 37 per cent increase in oil production and higher average world crude oil prices in the year.

Operating income for the agriculture division slipped to NKr1.39bn from NKr1.41bn.

Light metals dipped to NKr2.33bn from NKr2.45bn while petrochemicals fell to NKr1.02bn from NKr1.61bn.

Danish abattoir group to sell processing divisions

By Hilary Barnes in Copenhagen

TULIP, one of the biggest abattoirs and meat processing groups in Denmark and in Europe, plans to hive-off its processing divisions as a joint stock company with equity capital of DKr1bn ($155m). A listing on the Copenhagen Stock Exchange will be sought within five years, the group said.

Tulip is a producer co-operative and the co-operative will retain control of the new company, to be called Tulip International.

The group's current turnover is about DKr7bn.It has some 5,000 employees.

The processing divisions, which will make up Tulip International will have annual sales of around DKr3bn. Eight export offices in Europe, the US and Japan will also join the new company.

The decision to seek external capital via the flotation breaks with the co-operative movement's long established traditions. But the group has suffered heavy losses at a new and technically-advanced plant for minced meat products, the company said.

● Dyno Industrier, the diversified Norwegian group with main interests in chemicals and explosives, reports a 16 per cent increase in pre-tax profits and forecasts a further increase in profits for 1990.

Pre-tax profits rose to NKr371m in 1989 from NKr321m the previous year.

Acquisitions and internal growth boosted group operating income to NKr6.23bn from NKr5.6bn.

Dyno's operating profit rose to NKr468m from NKr401m, while earnings per share increased to NKr13.30 from NKr11.10.

For the individual units, explosives, which accounts for about 50 per cent of the business, increased operating profits to NKr284m from NKr221m on sales of NKr2.98bn.

Benetton chief leaves to join Citicorp

By John Wyles in Rome

MR ALDO Palmeri is to leave the Benetton group after eight years as managing director to become the head of Citicorp's operations in Italy.

He is expected to take over in May as Citicorp's country corporate officer for Italy and also as director general of Citibank NA, the banking and merchant banking subsidiary of Citicorp, the largest bank in the US.

The appointment ends a search for a successor to Mr Raphael Buonaventura, who left this post last July.

News of Mr Palmeri's departure follows swiftly on Benetton's announcement on Tuesday that it was drastically cutting back on its activities in financial services to concentrate resources on the needs of its manufacturing businesses.

A company official denied yesterday that there were any differences over strategy between Mr Palmeri and the Benetton family, saying that after eight years the top manager wanted new challenges.

A former Bank of Italy official, Mr Palmeri has presided over Benetton's recent rapid growth which has seen sales rise from L300bn ($241.7m) in 1982 to L1,700bn last year.

His responsibilities at Citibank will not include Citibank Italia, the US bank's 44-branch retail network in the south of Italy.

Italtractor team forms buy-out

ITALTRACTOR, the Italian state-owned manufacturer of parts of undercarriages for tractors and other earthmoving machinery, will be privatised through a management buy-out, AP-DJ reports.

Banque Paribas confirmed that it had arranged a buy-out team for Italtractor's management together with LBO Italia and Europa Investimenti.

Final terms of the transaction are expected to be worked out in the next few days. Italtractor recorded sales of L165bn ($133m) in 1989, 90 per cent of which came from exports.

Paris buyers rush for Source Perrier shares

By William Dawkins in Paris

INVESTORS appeared confident yesterday that Source Perrier would survive its gamble of destroying the group's entire world stocks of 160m bottles of sparkling water following the discovery of traces of benzene.

Buyers rushed for Perrier's shares on the Paris bourse. By mid-afternoon, they had picked up 217,000 shares, nearly 2.5 per cent of the company, lifting the price by 6.5 per cent to FFr1,505 ($265).

The message from Mr Gustave Leven, the group's 75-year-old chairman, that Perrier would stop at nothing to defend its quality image, appeared to be getting through.

A change of mood by a fickle stock market is no proof that Perrier has pulled off its crisis-control exercise. The evidence will come from the next few months' sales figures – if this secretive company ever publishes them. These could also indicate whether Perrier's problem might have a wider effect on mineral water consumption.

After BSN, the French foods group, Perrier is the world's second largest producer of mineral water through other group-owned brands, as well as the Perrier brand, which industry analysts estimate accounts for between a quarter and a third of the company's sales.

"This could weigh on the whole water industry. It has been through a spectacular expansion recently, but how well is it based?" asked Mr Jean Weisse, drinks analyst for Schelscher Prince, the Paris stockbrokers.

Last summer's unusually hot weather created a 10 per cent rise in sales of bottled mineral water in the 16 countries of the European Community and Efta last year, a sharp jump from the 6 per cent average growth rate of the previous five years, estimates Canadean, the leading drinks industry consultancy based in Bath, UK.

Canadean does not speculate on how Perrier failed to clean the filters at its plant in southern France, causing the build-up in naturally-occuring benzene. Perrier and others were clearly working flat out last summer – and a change of filter would have required a temporary shut-down at a busy time.

France is by far the world's largest source of mineral water, having produced 4.5bn litres in 1988, of which industry sources estimate 2bn litres came from brands owned by Perrier. The rest came from Evian and Badoit, owned by the BSN food giant, the world's largest water bottler, plus Vittel, part of Nestlé of Switzerland, and independent springs.

Perrier is far less diversified than its main mineral water competitors, though the company argues its prime brand has no direct competition.

Even so, Perrier is far more than a producer of trendy bubbles. It has interests in soft drinks, cheese, where it is France's top producer of Roquefort, a thermal spa at Vichy and an extraordinary hotch potch of small businesses in building, central heating radiators, plastic packaging and chocolate. Its other mineral waters include Contrexéville, Saint-Yorre and Vichy-Célestins.

The common thread in all this, explains Mr Leven in the group's latest annual report, is to buy and sell peripheral businesses to help fund the development of Perrier's two core activities: mineral water, which accounted for 54 per cent of Perrier's FFr15.1bn turnover in 1988, and cheese, which produced 35 per cent of sales.

The traditionally secretive Perrier does not break down profits between products or even sectors, but industry analysts believe the Perrier label itself accounts for something like 550m litres – just over 1bn bottles – out of the group's 2bn litre overall mineral water output.

Aker registers three-fold rise

By Karen Fossli

AKER, the diversified Norwegian group, reported a three-fold increase in 1989 pretax profits to NKr565m ($87.5m) and forecasts further progress for the current year.

Mr Karl Glad, president, said the improvement was due primarily to increased operating margins, cost efficiency and higher profits by foreign operations.

Mr Glad said that he is aiming to double future returns on sales from the current 3 per cent, but did not say when this could be achieved.

Group turnover slid to NKr14.65bn from NKr16.21bn in 1988 primarily because of depressed activity in Norway's building, construction and civil engineering market, which Aker says will continue in 1990.

Aker is continuing to wind down its real estate business, which suffered heavier losses of NKr133m, against NKr15m. A further deficit is expected this year, Aker said.

Group operating profit nearly doubled to NKr939m in 1989 "following capacity adjustments, rationalisation and restructuring." Aker reduced staff by 1,350 in 1989.

Aker realised gains of NKr200m from the partial disposal of shares in Saga Petroleum, an independent Norwegian oil company, and NKr620m from the disposal of real estate holdings.

Aker Offshore, which is involved in engineering and construction for the oil and gas industry, experienced an increase in profits to NKr299m from NKr272m. Total order reserves reached NKr5bn.

Aker Cement more than doubled profits to NKr469m from NKr213m, though domestic operations suffered a decline in production in a weak market.

Weak UK market hits Merloni

By Clay Harris, Consumer Industries Editor

MERLONI Elettrodomestici, the Italian manufacturer of Ariston and Indesit domestic appliances, said it would only break even in 1989, largely because of weakness in the UK market, its biggest for exports.

Group sales of L1,100bn ($885m) last year were 4.7 per cent higher than in 1988, when Merloni achieved a net profit of L15bn.

The company will report full results in April.

Noting that all white goods manufacturers had been hit by the downturn in UK demand, Merloni said it had suffered from an erosion of margins as customers shifted to the lower price Indesit brand.

To improve margins, Merloni is considering using the Ariston name in the UK only on built-in appliances.

Last year the British market accounted for only 15 per cent of Merloni's sales against 20 per cent in 1988. The results were also hit by the lira's strength against sterling.

Merloni is Europe's fourth largest white goods manufacturer and exports more than half of its production, which reached 3.2m units last year.

Margins were also squeezed in Italy, although its share of that market increased to 22 per cent.

Scholtès, the French manufacturer of built-in appliances, made a positive contribution in its first four months in the group, Merloni said.

Rabo and Cera sign pact for improved co-operation

RABOBANK Nederland, the second largest Dutch bank, and Cera Spaarbank, the Belgian savings bank, have signed a pact for closer co-operation, Reuter reports.

Initially the banks intend to develop jointly new financial services and to co-operate in electronic banking services.

Cera is Belgium's largest co-operative bank and seventh biggest financial institution. Both banks are members of the Unico group, a European-wide association of co-operative banks.

The pact with Cera, which will not involve any cross equity shareholdings, fits Rabo's strategy of moving towards a unified Europe by 1993. Rabo does not aim to have offices in both countries.

Instead, the bank is seeking relationships with other banks in Europe to ensure that a Rabo client, whether corporate or private, can use a bank branch anywhere in Europe.

Last October, Rabo took a 1.25 per cent stake in Spain's Banco Popular Espanol, making Banco Popular's branch network available to the increasing numbers of Dutch agricultural firms active in Spain.

Cera also announced yesterday that Drexel Burnham Lambert, the US securities house which filed for Chapter 11 of the US bankruptcy code earlier this week, owed it a total of $10.6m in medium-term notes due in 1993. The total is made up of FFr40m ($7.04m), and $4m.

Alarko to float in London

ALARKO Holding, the Turkish group specialising in real estate development, turn-key contracting projects and the manufacture of a wide range of goods, plans to seek a stock listing in London, Reuter reports.

The company, which made a net profit of TL1.24bn ($527,000) for 1988, will float some 27 per cent of itself in London sometime over the next 12 months. It would be the first Turkish company to be quoted in London. Some 12 per cent of Alarko is already listed on the small but booming Istanbul Stock Exchange.

It is understood that Mensucat Santral, a Turkish textile company quoted in Istanbul, was also studying a possible London listing.

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INTERNATIONAL COMPANIES AND FINANCE

Drexel's hidden owners: please come forward

FT writers on a share structure that doesn't add up

Who really owns Drexel Burnham Lambert? The question may seem fatuous – but it is not. The ownership of the US investment bank which this week earned the distinction of being the largest ever bankruptcy filing in Wall Street's history, has become an issue.

As the liquidation of securities, the sale of assets and the scramble by 5,000 employees to find new jobs went ahead yesterday, the Brussels-based Groupe Bruxelles Lambert and the New York-based Drexel continued to make confusing statements about the firm's shareholding structure. The mystery was enhanced by the presence of Kuwaiti investors who own an indirect Drexel stake.

On Wednesday, Groupe Bruxelles Lambert (GBL), Drexel's single biggest shareholder, said it held 45 per cent of the Wall Street firm and would write this off, taking a BFr3.2bn ($91m) loss.

Yesterday, Pargesa, the Swiss parent of the financial and industrial empire led by Mr Gerard Eskenazi and Mr Albert Frère, said it would write off a 13 per cent indirect stake in Drexel, taking a SFr200m ($134m) charge.

The Pargesa charge would almost completely wipe out the group's estimated net profit of SFr205m, but the statutory profit and dividends would not be affected.

The GBL and Pargesa figures do not, however, tell the whole story. Pargesa owns 31 per cent of GBL.

The Swiss company's stake in Drexel is meanwhile held through Lambert Brussels Associates (LBA), a Bermuda-based financial vehicle that is majority-owned by GBL.

LBA owns 40 to 45 per cent of Drexel in New York, so the rather grand statement on Wednesday by Groupe Bruxelles Lambert that it held 45 per cent of the Wall Street firm caused head scratching in the financial community.

Yesterday a spokesman for GBL in Brussels admitted that he was confused about the actual numbers: "It is up to Drexel to calculate the exact amount. I really could not tell you what the figure is," said the hapless Belgian.

In New York, a Drexel official said he did not know either.

"The answer is that we don't know who owns the pieces, but we think there is a company called LB Corporation that owns 46 per cent of Drexel," said the weary Drexel spokesman. Is LB Corporation the same as LBA? "I don't know," said the man at Drexel.

The numbers that seem clear are that LBA of Bermuda, with 40 to 45 per cent of Drexel, is 57 per cent owned by GBL, 25 per cent by Pargesa and 17 per cent by unspecified Kuwaiti shareholders.

The rest of Drexel is held by other US investors and Drexel management and employees.

Who are the Kuwaitis? The Kuwait Investment Office (KIO) in London says it's not them.

Who really owns Drexel Lambert?

The mystery continues. Only the losers know for sure.

Regulators in London move in

By Kenneth Gooding, Mining Correspondent

THE MARKET regulators moved to take a tight grip yesterday as Drexel Burnham Lambert continued to wind down its operations in London.

Most of the futures markets in which Drexel has been a player said they expected no substantial disturbances from Drexel's forced departure.

Representatives of the Association of Futures Brokers and Dealers (AFBD), the UK futures market watchdog, the International Commodity Clearing House (ICCH) and the London Metal Exchange (LME) moved into Drexel's London headquarters to keep a close watch.

"The AFBD has virtually taken over and the Drexel people can't even sign a cheque without the AFBD's approval. But they are acting in a very gentlemanly manner, considering the circumstances," said one LME representative.

Separately, the Bank of England outlined a special settlements procedure to ease payments on foreign exchange dealings involving the securities house.

The Bank said that Drexel's trading counterparties could make all payments due to the company by February 20 to the Bank, which would hold the money until satisfied that Drexel had paid the relevant countervalue.

The Bank apparently acted to calm nerves in the market after Drexel delayed settlements on its foreign exchange and gold trading on Wednesday for that one day.

Early yesterday the London Clearing House (LCH), a division of the ICCH, declared Drexel in default.

The clearing house carries the exposure for Drexel's trades because it stands as guarantor between trading partners in the futures and commodities markets.

Mr David Hardy, managing director of LCH, said the organisation "is totally satisfied that the default of Drexel will not adversely affect LCH's financial position."

LCH clears for the LME, the London Financial Futures Exchange, the London Futures and Options Exchange, the Baltic Futures Exchange and the International Petroleum Exchange.

Mr Hardy said that LCH would try to arrange the transfer of Drexel's positions to other clearing house members. Where the position was not transferred, it would be liquidated "in the most appropriate manner."

Although Drexel's market positions are expected to be unwound in an orderly way, there was concern on the LME about the possible impact of Drexel contracts for metal supply not in the clearing system. It is the LME's responsibility to ensure that these physical contracts are unwound or transferred.

US drugs group plans Yugoslav venture

By Peter Marsh

ICN Pharmaceuticals, a US drugs company, plans to merge one of its main operating units with Galenika, Yugoslavia's second largest medicines business. The move is believed to represent the first such formal link between drugs companies in the US and eastern Europe.

The unit of the California-based ICN being merged is SPI, which sells a range of medicines including ribavirin, an anti-viral product being tested against AIDS.

SPI is 89 per cent owned by ICN, which was set up in 1959 by Mr Milan Panic, ICN's 60-year-old chairman.

Mr Panic, who was born in Yugoslavia, was instrumental in concluding the deal with the Yugoslav Government, the current owner of Galenika.

ICN said yesterday it could not disclose the terms of the agreement nor where the merged operation would be based.

It said the deal would lead to increased possibilities for ICN to sell its products in the expanding market of eastern Europe.

SPI has annual sales of about $124m, out of total envisaged sales for ICN this year of roughly $300m. Galenika had revenues in 1989 of about $150m, mostly from east European countries.

ICN, which has offices in Belgrade and Moscow, sells its prescription pharmaceuticals mainly through its SPI unit. It also has divisions selling biomedical and diagnostic products.

Besides ribavirin, SPI sells generic (off-patent) drugs together with medicines for heart ailments and infectious diseases.

Ribavirin is available in several countries for various viral conditions including herpes.

Roughly half SPI's sales are in the US and the rest in countries including Holland, Spain and Mexico.

ICN said yesterday Galenika had several interesting drugs which under the deal could reach a wider market outside eastern Europe. These included products for treating heart disease and tuberculosis.

JC Penney improves retail sales by 9% in latest quarter

By Karen Zagor in New York

J.C. PENNEY, the fourth largest US retailer, yesterday reported improved fourth quarter earnings from continuing operations on the back of stronger retail sales, although gross margins were hurt by increased promotional activity in the competitive US department store market.

An extraordinary gain in 1988 from the sale of the company's headquarters in New York City resulted in lower comparative earnings for 1989.

Penney's net income for the latest quarter ended January 27 were $367m or $2.95 a primary share, against $435m or $3.28 a year earlier. Retail sales in the three months improved 9 per cent to $5.26bn from $4.84bn. Excluding the non-recurring gain in 1988, net income advanced 24 per cent in the latest quarter from $296m or $2.22 a share a year earlier.

For the whole of 1989, Penney's net income was $802m or $6.31 a primary share, against $807m or $6.02 a year earlier. Retail sales in the year rose 9 per cent to $16.10bn from $14.83bn.

Excluding extraordinary items in both years, the company said its net earnings in 1989 grew 23 per cent to $822m or $6.47 a share from $668m or $4.96 the year before.

The Dallas-based company, which has undergone a major restructuring in the past few years, said gross profit in the fourth quarter and year increased due to higher sales volume and a significant decrease in the last-in-first-out (Lifo) reserve.

However, excluding the effects of Lifo, gross margin as a percentage of retail sales decreased in the 1989 fourth quarter and year.

Mr William Howell, Penney's chairman, said the company's restructuring effort in the 1980s had concentrated on reallocating floor space in the stores and customer service.

"During the 1990s, we will accelerate our efforts toward enhancing our fashion creditability. We have every confidence that the 1990s will be a period of consistent, profitable growth both for J.C. Penney stores and catalogue."

Navistar has first-quarter loss as truck demand falls

By Anatole Kaletsky in New York

NAVISTAR International, the biggest US manufacturer of heavy trucks, reported a net loss of $18m or 10 cents a share for the three months ended January 31, the first quarter of its 1990 fiscal year.

The latest result compared with a profit of $37m or 12 cents a share a year earlier. Navistar's quarterly revenues fell by 12 per cent to $885m.

The company said the first-quarter loss was due to reduced demand for trucks and engines, with increasing costs for wages, benefits and materials. These were only partly offset by high pricing and cost improvement programmes.

Mr James Cotting, Navistar's chairman, said that sales of all medium and heavyweight trucks in North America fell by 22 per cent to 66,000 units. Navistar delivered 16,600 of these trucks, down 19 per cent on the year before.

Mr Cotting predicted that North American demand for heavy trucks would have fallen by 19 per cent to 135,000 in 1989 as a whole, while medium truck demand would have fallen by 7 per cent to 153,000. Both of these forecasts were at the low end of earlier projections made by Navistar, he noted.

Mr Cotting added that the current rate of orders and sales would be sufficient to support planned production rates at Navistar's assembly plants.

He also said that, if current levels of production continued, Navistar's operating results should improve later in the year as manufacturing efficiencies were realised.

INTL COMPANIES AND FINANCE

Aluminium returns prop Western Mining results

By Chris Sherwell in Sydney

WESTERN MINING, one of Australia's largest mining companies, has suffered an unexpected fall in profits from its nickel and gold operations, and only a strong performance from its aluminium interests achieved a small improvement in equity-accounted earnings.

Figures for the six months to December, released yesterday, showed an after-tax operating profit for the group of A$138m (US$103m), down almost 7 per cent.

On an equity-accounted basis, a doubled contribution from Alcoa of Australia, the subsidiary of the US aluminium group of which Western Mining holds 48.5 per cent, pushed the figure to A$210.8m for an overall improvement of just 3.4 per cent.

Sales revenues were A$660m, up 28 per cent, and other revenues almost doubled to A$131m. But the stock market was disappointed, cutting the group's shares by 20 cents to A$5.80 on a flat day.

Directors declared an interim dividend of 13 cents a share for shareholders who have elected to receive their dividend unfranked for local tax purposes, or 11.05 cents fully franked.

The group said it sold 18.5 per cent more nickel, but prices in US dollars were 11.1 per cent lower and costs 8.1 per cent higher. Gold production was up 8 per cent to 404,000 ounces, but the average spot gold price fell 5.4 per cent.

In other areas the inclusion of output from Olympic Dam for a full half-year helped to double the group's copper sales to 10,500 tonnes and to add uranium sales of 191m tonnes. Oil production more than doubled to 1.56m barrels because of US production and increased output at home.

The profit was also constrained by a higher write-off of exploration spending – A$59m against A$36m. On the other hand the average US-Australian dollar exchange rate was 5.5 per cent lower at 77.4 US cents to A$1. Further depreciation in the second half will help the full-year result.

IEL tumbles due to share sale

By Chris Sherwell

INDUSTRIAL Equity (IEL), the investment group which came under the control of Mr John Spalvins' Adelaide Steamship group last November, reported a halving of its profits when it released its interim figures yesterday.

After-tax earnings of A$101.4m (US$76m) compared with A$235.3m, although revenues rose to just less than A$5bn compared with A$4.65bn.

But the group, formerly the Australian arm of Sir Ron Brierley's business empire, pointed out that last year's profits included A$150m earned from the sale of shares in Industrial Equity Pacific, which controls Sir Ron's other interests outside New Zealand.

If this is excluded, the latest profit figure represents a 19 per cent increase over a period which has seen the group's interests shift from investment and into operating businesses, principally in retailing and food.

Directors declared an interim dividend of 11 cents per share, franked to 4 cents for tax purposes, and promised to ensure that all franked credits were distributed.

IEL now owns the whole Woolworths retail chain and the Southern Farmers group, having acquired the minority shareholdings, and Acmex Holdings, where it expects to complete a buy-out of minorities before the end of next month.

Mr Spalvins, whose Adsteam group is still acquiring IEL shares under its takeover, said in a statement that Woolworths had achieved satisfactory profits in a difficult trading climate, while Southern Farmers earned higher profits.

At balance date, the group had cash reserves and committed undrawn facilities in excess of A$1bn.

It was "well placed to take advantage of opportunities to acquire further businesses," said Mr Spalvins.

Copiers and printers lift Canon

By Stefan Wagstyl in Tokyo

CANON, the Japanese manufacturer of cameras and office equipment, yesterday announced a 21 per cent increase in annual pre-tax profits to Y52.7bn ($365m), due mainly to strong sales of copiers and printers.

Turnover was also up 21 per cent to Y814bn, said Canon, announcing parent company results for the year to December. Sales in the copier division were up 28 per cent and in computer peripherals 33 per cent. Information equipment sales increased 11 per cent and those of cameras by 10 per cent.

Operating profits were 87 per cent higher than in 1988, but Canon suffered foreign exchange losses which held back the improvement at the pre-tax level.

For this year, the company forecasts a 10 per cent to 11 per cent increase in sales to Y900bn and an 8 per cent rise in pre-tax profits to Y57bn.

High-power computers aim to lift IBM sales

By Alan Cane

INTERNATIONAL Business Machines yesterday launched worldwide its long anticipated range of high-power technical computers, or workstations, and made it clear that it is targeting them at commercial users as much as scientists and engineers as customers.

The workstation market is the fastest growing sector of the computer industry and is dominated by Digital Equipment, Sun Microsystems and Hewlett-Packard, IBM's US rivals. There is also an emerging threat from Sony, the Japanese manufacturer.

IBM has less than 3 per cent of the workstation market and its main sectors of strength – mainframes and personal computers – are suffering slowing or stagnant growth.

Workstations can replace minicomputers in networked systems, which serve a number of users, cheaper than if conventional systems are used.

Mr Jack Kuehler, IBM president, said in New York: "The RS/6000 family provides the missing link in IBM's product range. With it, IBM has the most complete range of systems in the marketplace from desk top to data centre."

IBM's new family of four workstations and five network servers seems to offer more power for their price than competitors' machines. They are based on new microprocessors of IBM's own design. The lowest cost network server starts at £19,000 ($32,300).

The new family is also the strongest evidence so far of IBM's commitment to open systems, in which equipment from different manufacturers can easily be connected together. The RS/6000 computers use an improved version of AIX, IBM's open systems operating system.

Some 200 software developers are working on application software for the machines. They will be sold through "value added remarketers," which will buy the computers from IBM and resell after adding software and services.

NZ minister admits DFC case mishandled

By Terry Hall in Wellington

MR DAVID CAYGILL, the New Zealand Minister of Finance, said yesterday that in hindsight the Government should have considered more carefully its refusal not to support DFC New Zealand, the privatised investment bank which collapsed last year.

The failure caused severe difficulties with institutions in Japan that were major creditors. It was disclosed last week that DFC's statutory managers have provided NZ$700m (US$407m) for loan losses.

Mr Caygill's statement was his first admission that the Government mishandled the crash. He said yesterday that the decision was made in haste. He indicated that he was pressured into rejecting a call for government support from the National Provident Fund, the superannuation fund for civil servants and DFC's major shareholder.

Mr Caygill said that a statement by NPF that DFC had run out of shareholders' funds was followed by one that it was a government problem, and that the Government ought to help out. "I think it left me with the only response to reject it," he maintained, but added that with hindsight the question that could be debated was whether the Government should have categorically ruled out bailing out DFC.

However, Mr Caygill said his choice to put DFC into statutory management was right, as among other things it ensured that the bank's assets were not hamstrung by prolonged court battles.

In an apparent reference to criticism from Japanese creditors that they were not asked to help out, Mr Caygill said that this would have caused delays and possibly also resulted in protracted court cases. "Imagine ringing up Tokyo and saying, 'We've got a problem with the DFC in which you've got a few hundred million dollars invested.'

"As a lawyer I know it would have led to lengthy court action."

Mr Caygill said that the Government could still have a role in restructuring DFC, but that this was not expected to be a financial involvement.

● Renouf Corporation, nearly a casualty of the 1987 stock market crash, yesterday reported an interim net profit of NZ$8.1m, a turnround from the NZ$10m loss it posted for the comparable period of the previous year.

The main factor in the improvement was the sale of Repco Merchants to Pacific Dunlop of Australia. But Mr Andrew Strange, managing director, said the result from the trading group was disappointing.

Revenue was down by some NZ$56m to NZ$134.4m. The company paid off NZ$62.8m of debt.

Mr Strange said there was no material change in its 43 per cent-owned Impala Pacific, the Hong Kong company formerly controlled by Mr Bruce Judge, whose companies failed after the crash. This division was written off in the 1988 financial year.

In the US, asset sales continued at Benequity Properties, another company associated with Mr Judge, and there was "significant progress" on an outstanding court action. No dividend was declared.

Although the Hellaby operating companies were generally profitable, Alliance Textiles continued to face difficulties. Hellaby also felt the effects of the deterioration in the Australian economy. Kirkcaldie and Stains, the retail store division, traded profitably. Renouf Properties incurred a NZ$1.5m loss, in line with budget.

INTERNATIONAL CAPITAL MARKETS

BIS warns of risks posed by high interest rates

By Stephen Fidler, Euromarkets Correspondent

A WARNING about the risks posed by current high long-term interest rates was issued yesterday by Mr Alexandre Lamfalussy, general manager of the Bank for International Settlements.

In a speech for delivery yesterday to the Conference Board in New York, Mr Lamfalussy said long-term interest rates gave rise "perhaps to questions of outright concern."

Long-term rates, which are established by the market in long-term bonds, are in the US currently 4 percentage points above the rate of inflation, and in Germany 5 percentage points.

Japan's are just below the German level and many European countries have rates even higher than Germany's.

The dangers were several, he said. Economic growth may slow down or come to a halt and it is difficult to see how the current investment boom would hold up. With high debt levels of many companies and households, a downturn "could reveal a degree of fragility in both the real and the financial sectors that has remained effectively hidden by the long cyclical upswing." It also means higher debt burdens for lesser developed and east European countries, offsetting the benefits of debt reduction schemes.

He said he did not believe the explanation for the rise in long-term rates lay in excessively tight monetary policy, nor did it appear that there had been a rise in inflationary expectations.

The most likely explanation for higher long-term rates in dollar-denominated assets was "contagion from abroad" – the rise in bond yields in Japan but particularly in West Germany. The main reason for the rise in rates in recent weeks has been that monetary unification of the two Germanys "will place greater demands on the financial resources, both private and public, of the Federal Republic." There were also market worries of a loosening in German fiscal policy, he said.

However, the main reason for the rise in long-term rates "is to be sought in the declining trend of savings rates in the industrialised world." This "raises doubts about our ability to finance our own capital formation and maintain current rates of growth without inflationary consequences. It raises even greater doubts about our capacity for transferring real resources to the developing world – not to mention eastern Europe and the Soviet Union."

The remedy, he suggested, "can only lie in a combination of changes in taxation, social security systems and the sheer volumes of public spending."

Toronto brokers fight Instinet

Bernard Simon in Toronto

CANADIAN securities firms and the Toronto Stock Exchange are pitted against large institutional investors in determining the role in Canada of Instinet, the computerised trading system owned by Reuters, the UK-based information services company.

The differences of opinion have been clearly visible in recent days at a hearing before the Ontario Securities Commission (OSC), which will make the final decision on Instinet's future in Ontario.

Instinet, whose system allows institutional traders to bypass the stock exchange floor by trading blocks of shares electronically, bought a seat on the TSE three years ago but has not yet been granted full membership. The membership application was submitted to the OSC for review as a result of opposition from securities firms.

Instinet maintains its system would expand the trading of Canadian shares, especially among foreign institutions. Its supporters say it would also lower trading costs, and broaden the information available to investors. Among those claiming Instinet would be an improvement on existing trading systems are the Pension Investment Association of Canada, the Investment Counsel Association of Quebec, and Standard Life Assurance.

However, the TSE and the securities dealers maintain Instinet would restrict liquidity on the stock exchange, limiting it largely to small, retail trades.

Mr Pearce Bunting, the TSE president who earlier supported Instinet's efforts to set up operations in Canada, told the OSC hearing that the system might cause "real harm" to the stock exchange, because of Instinet's intention not to link up fully with TSE trading systems. If Instinet linked its computers to the TSE its customers could respond to bids and offers on the stock exchange.

CME issues development blueprint for decade

By Andrew Freeman

THE Chicago Mercantile Exchange yesterday presented a blueprint for the development of its business and regulatory approach for the exchange in the 1990s. The plans are an attempt to give new direction to the CME after a period of division among exchange members.

The blueprint set out six key objectives and stressed that the Globex trading system would continue to be the centrepiece of the CME's international strategy. Three of the six objectives concerned the resolution of difficulties which have dogged the exchange over the last few months.

They include the establishing of precise transaction procedures and, in particular, the settlement of regulatory and margin issues relating to equity index and option contracts.

Mr Leo Melamed, CME executive committee chairman, announced a proposal to form a profit-making company to be called the CME Resource & Service Company which will explore services such as clearing, accounting, telecommunications and publishing.

Mr Melamed noted that the CME needed urgently to find new sources of revenue, and hoped that members would approve the business plan. The blueprint said that without a coherent strategy, the CME was in danger of failing to capitalise on the potential of new markets in Europe and the Far East, as well as new areas in the US such as finance and agriculture.

UK 'safe' from index arbitrage

By Richard Waters

THE UK equity market could not succumb to a wave of stock index arbitrage according to an official report.

The practice involves selling a futures contract based on a stock market index and at the same time buying the underlying shares (or vice versa) to capture a price differential.

It is widely blamed in the US for adding to market volatility, particularly at the time of the 1987 crash.

London's International Stock Exchange said yesterday that a study of the practice in London showed it to pose no threat.

Index arbitrage is estimated to account for only about 1 per cent of equity business, it said.

Structural differences between the US and UK markets explain the low level of activity, it added.

In the UK, only market-makers escape the ½ per cent stamp duty on share transactions and have access to stock borrowing facilities, reducing the arbitrage opportunities for other institutions.

Also, the half dozen firms which would find it easiest to indulge in index arbitrage (since they are the only ones to make markets in all FT-SE 100 Index stocks) tend to restrict their activity, rather than damage the interests of their own market-making arms.

Ironically, unlike their counterparts in the US, the UK authorities actually want to encourage stock index arbitrage.

Lack of activity can lead to persistent price anomalies in the FT-SE 100 Index futures contract.

This makes it a less attractive product for investment institutions looking for an efficient hedging tool.

Equity warrant fund launch

By Andrew Freeman

THE FIRST closed-end investment fund to invest principally in European equity warrants is expected to be launched this morning by Robert Fleming.

The fund, which may reach as much as $50m depending on demand, will be based in Luxembourg. It will aim to attract institutional investors wanting highly-geared investments in Europe's equity markets.

Fleming is issuing shares and warrants in $50 units of five shares and one warrant. The five-year warrants have an exercise price of $10 per share.

To date, most warrant funds have concentrated on Far Eastern markets, with Japan dominating investor interest.

The latest Japanese warrant fund was launched yesterday by Morgan Stanley International. The $75m closed-end fund consists of shares and five-year warrants, and will invest primarily in multi-currency warrants for Japanese companies.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 15

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8¼ 96	750	97¼	97⅝	-0⅛	+0⅛	9.10
Alberta 9⅞ 95	600	101	101½	-0⅛	+0⅛	9.06
Austria 9⅝ 93	140	†101⅜	102⅛	-0⅛	+0⅜	8.89
B.F.C.E. 8⅞ 94	175	97⅞	97⅞	-0⅛	+0⅜	9.01
B.F.C.E. 9⅞ 95	150	100⅞	101⅜	-0⅛	+0⅜	9.06
Brit. Tel. Fin. 9⅛ 98	250	100½	101⅛	-0⅛	+0⅜	9.23
Canada 9 96	1000	100⅜	101⅛	-0⅛	+0⅛	8.75
C.C.C.E 9¼ 95	300	100⅝	101⅛	-0⅛	+0⅛	9.02
C.N.C.A 9⅞ 93	150	†100⅝	100⅞	-0⅛	+0⅜	9.18
Credit National 8¾ 93	200	†97⅞	98⅜	-0⅛	+0⅛	8.93
Credit National 7⅞ 92	100	97	97½	0	+0⅜	8.79
Credit National 9½ 92	160	†101⅛	101⅜	-0⅛	+0⅜	8.87
Dai-Ichi Kan 9⅞ 92	150	100⅞	101⅜	-0⅛	+0⅛	9.13
Denmark 8⅝ 94	150	†96⅞	97	-0⅛	+0⅜	9.14
E.E.C. 7 91	100	96⅜	97⅛	-0⅛	0	8.77
E.E.C. 10 93	140	†102⅞	103¼	0	+0⅛	8.86
E.I.B 8⅝ 99	150	95⅝	96	-0⅛	+0⅜	9.15
Eurofima 10⅛ 93	100	†102⅞	103⅜	0	+0⅜	8.96
Elec. De France 9 98	200	99⅜	99⅞	-0⅛	+0⅜	9.08
Elec. De France 9¾ 99	300	†101⅜	101⅞	-0⅛	+0⅛	9.20
Finland 9 96	250	†99⅜	100⅛	-0⅛	+1	8.98
Fin. Exp. Cd. 8⅞ 92	200	99	99½	-0⅛	0	8.90
Fin. Exp. Cd. 9⅞ 95	200	†100⅞	101⅛	-0⅛	+0⅛	9.17
Ford Motor Credit 8 91	250	†99	99½	0	+0⅛	8.71
Gen.Elec Cap Corp. 9 93	500	†100⅛	100⅞	-0⅛	+0⅛	8.78
Gen Elec Cap.Crp.10 1/291	300	†101½	102	0	+0⅛	8.71
G M A.C. 8⅛ 94	500	†97⅛	97⅞	-0⅛	+0⅛	9.48
G M A.C. 9 96	300	98	98½	-0⅛	+0⅛	9.35
Gen. Mtrs. Corp. 9⅛ 92	300	99⅞	100⅜	-0⅛	+0⅜	9.08
IBM Credit Corp. 8⅞ 92	400	99⅛	99⅝	0	+0⅛	8.86
IBM Credit Corp. 8⅞ 91	250	99⅞	100⅛	-0⅛	+0⅛	8.99
IBM Credit Corp. 9 92	250	100⅛	100⅝	-0⅛	+0⅛	8.78
IBM Credit Corp. 9⅛ 92	250	100⅞	101⅛	-0⅛	+0⅛	8.86
Italy 8⅝ 99	1500	97⅜	98⅛	-0⅛	+0⅛	8.99
Italy 9½ 95	1000	101⅜	102⅛	-0⅛	+0⅛	9.02
Italy 9⅝ 99	1000	102⅛	102½	-0⅛	+1	9.22
Matt C. W/W 4⅝ 94	1000	†109⅞	110⅞	+0⅛	+0⅛	2.28
Japan Dev. Bank 10 96	200	103⅝	104⅛	-0⅛	+0⅛	9.11
KFW Intl. Fin. 9 94	300	99⅝	100⅛	-0⅛	+0⅛	9.01
L T C.B of Japan 9⅛ 92	200	100⅛	100⅞	0	+0⅛	9.00
New Zealand 9 94	850	98⅞	99⅛	-0⅛	+0⅛	9.25
Nippon Tel.&Tel. 9⅛ 98	250	100⅞	101⅛	-0⅛	+1	9.17
Norway 8⅝ 93	500	99⅛	100⅛	-0⅛	+0⅛	8.74
Portugal 8⅞ 91	300	†98⅞	99⅛	0	+0⅛	9.34
Sumitomo Corp. W/W 4 93	1500	118⅞	119⅞	-0⅛	-0⅛	-1.40
Sweden 8⅝ 96	200	98⅝	99⅛	-0⅛	+0⅛	8.96
Toyota 9½ 92	200	100⅞	101⅛	-0⅛	+0⅛	8.93
Toyota Mtr. Corp. W/W 4 93	1500	†104⅛	105⅜	+1	-0⅛	2.33
Victorian Rep 11⅝ 92	150	†104⅛	104⅞	-0⅛	+0⅛	9.23
World Bank 8⅞ 99	1500	97⅛	97⅞	-0⅛	+0⅛	[illegible]
World Bank 9 97	300	99⅝	100⅛	-0⅛	+0⅛	9.01
World Bank 9 93	300	†100⅛	101	-0⅛	+0⅛	8.70
World Bank 9⅛ 98	300	100⅞	101⅛	-0⅛	+0⅛	9.09
World Bank 9⅛ 99	500	103⅛	103⅞	-0⅛	+1	9.06
World Bank 9⅝ 96	300	†103⅛	103½	0	+0⅛	9.00

Average price change... On day -0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev BK. 6 94	200	88	88½	-0⅛	-2⅛	9.10
Austria 6¾ 99	750	†86	86⅛	0	-3⅛	9.03
Bk Frgn.Econ USSR 7 96	750	*†87⅛	88	0	-1⅜	9.77
Bank of Tokyo 5¾ 93	100	91½	92	-0⅛	-1⅛	8.97
Commerzbank o/s. 5⅞ 93	300	91½	92	-0⅛	-1⅛	8.71
Credit Foncier 6¾ 99	500	†85⅝	85⅞	0	-2⅜	10.22
E I B. 6⅛ 99	600	83⅛	83½	-0⅛	-1⅜	9.03
E I B. 6½ 99	300	†86⅛	86⅞	0	-3⅛	8.71
E.I B 6⅝ 96	600	†87⅛	87⅝	0	-2½	9.35
E.I.B. 6⅞ 95	300	89⅞	90⅛	+0⅛	-1⅞	9.18
E.I.B 8 2000	500	96⅞	97½	-0⅛	-2⅝	8.46
Euro.Coal& Steel 7⅞ 94	100	†99⅛	99⅝	0	-0⅛	7.87
Eurofima 6¼ 96	100	†88½	89	0	-0⅛	8.61
Elec De France 5¾ 97	300	81⅞	82⅛	0	-2½	9.22
Hydro-Quebec 6¾ 99	300	†85⅝	86	-0⅛	-2⅛	9.11
Japan Dev. Bk. 5½ 95	300	†84⅛	84⅝	0	-2⅛	9.29
Japan Finance 5¾ 97	100	82⅞	83⅛	-0⅛	-2⅛	9.14
I.A.D.B. 7¼ 99	300	88⅝	89	-0⅛	-2⅜	9.07
Ireland 6½ 97	300	85⅞	86⅛	0	-1⅛	9.24
Ireland 7¼ 99	300	87⅞	88⅛	0	-1½	9.21
Malaysia 6¼ 94	150	94⅝	95⅛	0	-0⅛	7.66
Nat. West BK. PLC 6 98	300	†83⅞	83⅞	-0⅛	-1⅞	8.89
Nippon Telg.&Tel. 6 95	400	–	–			–
Oesters. Kontbk. 5 93	300	89⅝	90⅛	+0⅛	-1⅞	9.05
Portugal 5¾ 92	150	92⅞	93⅜	-0⅛	+0⅛	8.96
Portugal 6⅝ 95	150	92½	93	0	0	8.32
Royal Insurance 5½ 92	300	92	92½	-0⅛	-1⅛	9.65
Turkey 6½ 95	500	†87½	88	-0⅛	-0⅛	9.57
Union Bk.Finland 5½ 94	200	†89½	90	0	-0⅛	8.69
World Bank 6 98	500	†81⅝	82⅛	0	-2	9.10
World BK. 6¼ 97	600	84½	84⅞	-0⅛	-1	10.82
World Bank 6¼ 99	600	85⅞	86⅛	0	-2⅛	9.00

Average price change... On day -0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†85½	86½	0	-0⅛	7.84
Asfinag 5 03	100	†80½	81½	0	-0⅛	7.25
B.F C.E. 4½ 98	200	†83½	84⅛	-0⅛	-0⅛	7.11
B M W.Fin Neth. 5 13	150	†73	74	-0½	-3⅛	7.43
Britannia B/S. 4¼ 94	100	†85	86	0	-1⅛	8.38
CIR. Int. W/W 3 93	125	†83	83⅞	0	0	8.92
Credit Lyonnais 4¼ 00	100	†79	80	0	-0⅛	7.70
E.I.B 4⅝ 98	150	†83	83⅞	+0⅛	+0⅛	7.35
Finn. Exp. Cd. 8¼ 92	75	†98	98½	0	-0⅛	8.99
Fletcher Chall 4⅞ 98	150	†74½	75	0	0	9.45
I.A.D.B. 6 2004	200	†89½	90	0	+0⅛	7.15
Kobe City 4⅝ 98	150	†83⅛	84⅛	0	+0⅛	7.27
Leeds Perm. B/S 4⅞ 93	200	†88	88½	+0⅛	+0½	8.51
Malaysia 5¼ 98	100	†76½	79	0	-0⅛	9.15
Maxwell Comm.Crp. 5 95	150	†80⅛	81½	-0⅛	+0⅛	9.68
Nat. Bk. Hungary 5½ 94	75	†86	87	-0½	+1⅛	9.06
Nationwide Ang.B/S. 4 93	200	†85	86	0	+0⅛	[illegible]
Prov. Newfoundland 5 03	150	†80	81	0	-2	7.28
Thailand 4⅝ 95	200	†83	85	+0⅜	-0½	8.42
World Bank 5 03	150	†80	80⅛	-0⅛	-0⅛	7.37

Average price change.... On day +0 on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99⅛	99⅝	0	0	6.90
Canada 5⅞ 95	80	96½	96⅞	+0⅛	+0⅛	6.74
Cr.Local France 6⅛ 94	300	96⅞	97⅛	+0⅛	+0⅛	6.56
Denmark 6⅛ 95	300	97	97½	0	+0⅛	6.55
E.I.B. 4⅝ 93	30	94⅛	94⅞	+0⅛	+0⅛	6.84
Norway 5⅛ 95	50	93⅛	93⅞	0	-0⅛	6.72
Sweden 4⅝ 93	50	93⅞	93⅞	+0⅛	+0⅛	6.83
World Bank 5⅛ 98	10	89	89½	0	+0⅛	6.90
World Bank 7 94	20	100⅞	101⅛	+0⅛	+0⅛	6.71

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	93⅛	93⅞	-1⅛	-2⅛	12.20
Abbey Nat. 11⅝ 93 £	100	†94⅞	95⅛	-0⅛	-0⅛	13.78
Aegon 7⅛ 92 FL	100	98⅛	98⅝	+0⅛	0	8.04
Alg. Bk. Ned. 5⅞ 93 FL	200	91⅝	92⅛	+0⅛	0	8.87
Austria 7½ 94 ECU	100	89⅛	89⅞	+0⅛	-0⅛	10.83
Barclays Aus.13½ 91 A$	100	96⅞	97⅛	0	-0⅛	15.59
Belgium 8⅛ 94 Ecu	150	91⅛	92	+0⅛	+0⅛	10.74
Bell Canada 10⅞ 04 C$	200	†95⅛	95⅞	-0⅜	-1⅛	11.81
BP Capital 9⅞ 93 £	100	†90½	91	-0⅛	0	13.51
British Airways 10 98 £	100	†85⅞	86⅛	-0⅛	+0⅛	12.86
Brit. Telecom 9½ 93 £	150	†89½	90	-0⅛	-1	13.80
Comm. Bk.Aust. 12⅛ 93A$	100	†94⅛	95⅛	-0⅛	-0⅛	14.64
Comm.Bk.Aus.13⅞ 94 NZ$	60	101½	102⅛	-1⅛	-1⅛	13.07
Credit Foncier 9 96 Ecu	100	92⅛	93	0	-0⅛	10.59
CrLocalFrance 9⅛ 92Ecu	100	97⅛	97⅛	-0⅛	+0⅛	10.59
Deut. Bk Aus. 13⅛ 93 A$	125	98	98⅛	-0⅛	-0⅛	13.95
Deutsche Bk Fin. 15 94 A$	100	101⅞	102⅛	-0⅛	-0⅛	14.28
Elec.De France 9⅞ 99C$	150	89⅞	90½	-1⅛	-2⅛	11.50
E.I.B. 7 96 LFr	100	*†93½	93⅞	0	-0⅛	8.43
E.I.B. 7⅛ 99 FL	150	87⅞	88⅛	-0⅛	-2⅛	9.04
E.I.B. 9 99 Ecu	150	91⅞	92⅛	-0⅛	-1⅛	10.36
Eurofima 7⅞ 94 Ecu	100	90⅛	90⅝	0	-0⅛	10.69
Export Dv.Crp.8⅞ 92Ecu	100	95⅛	96⅛	0	-0⅛	10.85
Fed.Bus.Dv.Bk. 9 94 Ecu	100	94⅛	94⅞	+0⅛	-0⅛	10.65
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†95	95½	-0⅛	-1⅛	12.18
Ford Cr.Can.10⅞ 93 C$	100	†96⅛	96⅞	-0⅛	-1⅛	12.21
Ford Cred.Can.10⅞ 96C$	125	95⅛	95⅞	-1⅛	-1⅞	12.01
Ford Cred.Fund.10⅛ 93£	60	91⅛	91⅞	-0⅛	-0½	13.81
G M.A.C.Canada 11 3/494C$	100	†98⅞	98⅞	-0⅜	-1½	12.16
Heineken 7⅝ 94 FL	150	96⅞	97⅛	+0⅛	-0⅛	8.02
Hydro-Quebec 11 99 C$	400	96⅛	96⅝	-1⅛	-1⅞	11.65
Lloyds Bank 10⅛ 98 £	150	†86	86½	-0⅛	-0⅛	13.10
Lloyds Bank 11⅞ 98 £	100	†89⅞	90⅛	-0⅛	-1	13.32
Nat. Aus. Bk. 14⅛ 94A$	100	100⅛	100⅝	+0⅛	+0⅛	14.62
New Zealand 9½ 93 £	100	†88⅞	89⅛	-0⅛	-0⅜	13.90
O.E.K.B 10⅛ 99 C$	150	92⅝	93⅛	-1⅛	-1⅞	11.50
Royal Bk.Scot. 10⅝ 98 £	125	†88⅛	88⅞	-0⅜	-0⅛	13.04
Saskatchewan 10⅛ 93 C$	200	†95⅛	95⅞	-0⅛	-1⅞	11.77
State Bk.NSW. 13⅞ 93A$	100	98	98⅜	-0⅛	-0½	14.50
Sweden 7½ 93 Ecu	250	90⅛	90⅝	0	+0⅛	10.73
Sweden 15 94 A$	100	102⅛	102½	-0⅛	-0⅛	14.21
Toyota Mtr.Cr.10⅞ 94C$	150	94⅛	94⅝	-1⅛	-2	11.93
Toyota Mtr.Cr.11⅝ 92C$	150	†97⅞	98⅜	-0⅛	-0⅜	12.30
World Bank 7⅛ 99 FL	300	87⅞	88⅛	-0⅛	-2⅛	9.08
World Bank 10⅞ 94 £	200	92⅞	92⅞	-0⅛	-1	13.13
World Bank 13⅞ 92 A$	100	99	99½	0	-0⅛	13.65
World Bank 14⅛ 94 A$	75	100⅛	100⅝	-0⅛	-0½	14.06
Zentrspk. 13⅛ 93 A$	75	†97⅝	98⅛	0	-0⅛	13.96

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.89	99.94	24/04	15.33
Bank of Greece 99 US	†0⅛	99.13	99.23	8/03	9⅛
Belgium 91 US	0	100.09	100.19	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.79	99.84	28/02	15.31
Credit Foncier 98 US	.063	99.68	99.78	20/04	8.31
Dresdner Finance 99 DM	†.031	100.23	100.33	28/04	6.97
EEC 3 92 DM	†0	100.40	100.50	22/02	6⅞
Halifax BS 94 £	.1	100.01	100.06	9/02	15.16
Invt. in Industry 94 £	0⅛	99.97	100.07	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	17/04	15.37
Milk Mkt.Brd. 5 93 £	0⅛	99.89	99.94	29/03	15⅛
New Zealand 5 97 £	.07	100.03	100.13	22/02	15⅛
Northern Rock 92 £	0⅛	99.82	99.87	30/04	15.18
State Bk. Nsw. 98 US	.100	100.00	100.10	11/02	8.81
Woolwich Equit. BS. 93 £	0⅛	100.01	100.06	17/04	15.37
Woolwich 5 95 £	0⅛	100.01	100.06	22/02	15.31

Average price change... On day +0.02 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	107⅛	108⅛	+0⅛	9.60
Amer. Brands 7⅛ 02 US	9/87	56.7	117	118	+0⅛	0.94
Asda 4⅛ 02 £	3/87	1.64	101	102	+0⅛	52.72
CBS. Inc. 5 02 US	4/87	200.	97	98	-0⅛	8.18
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	90⅞	91⅞	-0⅛	10.33
Daiwa Bank 3⅛ 95 US	2/90	1628.	96⅛	97⅛	+0⅛	-0.90
Primerica 5½ 02 US	4/87	66.75	71⅛	72⅞	-0⅛	84.67
Eng.China Clay 6½ 03 £	9/88	4.8	83⅛	84½	-2⅛	8.52
Fujitsu 3 99 US	5/84	1106.	225	226	+6½	2.99
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	99⅛	100½	0	17.94
Land Secs. 6⅞ 02 £	6/87	6.72	83½	84½	+0½	14.50
Minolta Camera 2⅛ 94DM	2/86	1004.	105	106⅛	+0⅛	7.71
MCA Inc 5½ 02 US	9/87	69.62	92⅛	93⅛	-0½	21.06
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	89⅛	90⅛	+1½	7.96
Next Plc 5⅛ 03 £	11/87	4.3	95⅛	96⅛	0	317.51
Nishi Nipp Bk. 2⅞ 03 US	4/88	804.	152⅛	153½	+0⅛	-0.80
Omnicom Inc. 6 1/2% 04 US	10/89	28.	101⅞	102⅞	0	23.29
Omron Tateisi 2⅛ 02 US	4/87	1310.	268½	269½	+0⅛	2.29
Ranks Hovis 4⅛ 03 £	t1/88	3.5	118⅛	119½	-0⅛	0.36
Redland 7⅛ 02 £	1/87	5.4	103⅛	104⅛	-0⅛	1.68
Saatchi&Saatchi 6⅛ 03 £	t10/89	4.41	83½	84½	0	63.19
Silicon Graphics 8 04 US	6/89	23.18	135⅛	136⅛	+1	-0.15
Sumitomo Bank 3⅛ 04 US	2/89	3897.	85⅛	86⅛	+0⅛	13.01
Texas Inst. 2⅞ 02 US	9/87	82.87	75⅞	76⅞	0	89.62
Utd.N'papers 8 04£	10/89	8.77	121⅛	122⅛	+0⅛	170.44
W.R. Grace 6¼ 02 US	9/87	42.12	90⅞	91⅞	+0½	26.35

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Gilts take lead from weak bunds

By **Andrew Freeman** in London and **Janet Bush** in New York

THE UK gilts market showed renewed weakness yesterday ahead of important figures today, with long-dated issues falling by more than a point in spite of a late attempt to rally. The 11¾ per cent long gilt fell by 1 1/16 point, while at the shorter end prices were around ½ point lower.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	93-30	-8/32	12.38	12.22	12.10
		10.500	5/99	95-02	-18/32	11.38	11.30	11.03
		9.000	10/08	89-05	-0/32	10.32	10.37	10.11
US TREASURY *		7.875	11/99	96-05	-12/32	8.46	8.48	8.19
		8.125	8/19	98-00	-19/32	8.50	8.50	8.25
JAPAN	No 119	4.800	6/99	88.5951	-0.049	6.80	6.74	6.70
	No 2	5.700	3/07	95.1394	0.701	6.29	6.34	6.47
GERMANY		7.125	12/99	90.7100	-0.290	8.56	8.30	7.62
FRANCE	BTAN	8.000	10/94	90.1474	-0.260	10.77	10.54	10.20
	OAT	8.125	5/99	88.2800	-0.600	10.12	9.94	9.51
CANADA *		9.250	12/99	93.0000	-1.000	10.40	10.11	9.83
NETHERLANDS		7.500	11/99	90.8200	-0.290	8.94	8.74	8.12
AUSTRALIA		12.000	7/99	93.8853	-0.308	13.14	12.88	13.05

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Traders blamed a lack of buying interest rather than heavy selling, although there was speculation that one large investor was selling ahead of a possible Eurobond issue.

The market continued to be led by activity in West Germany where the uneasy bund market caused gilts to give up an early recovery. Labour market statistics emerged roughly in line with expectations. Average earnings in December were steady at 9¼ per cent. However, a smaller than expected fall in unemployment was interpreted as further evidence that pressure on wage claims will ease more slowly than the Government has hoped.

■ IN WEST Germany, relieved traders reported a quieter session after the recent volatility, although the bund future was active later in the day and fell 50 pfennigs to 82.68 as investors remained nervous.

Bund prices largely matched the falls on the futures market, but traders said there was very little paper available. The 7⅛ per cent 10-year benchmark was fixed 15 pfennigs lower at 95.10, as the Bundesbank left its credit policies unchanged. Analysts said the market should enjoy a period of consolidation ahead of the announcement of a clear timetable for monetary union with East Germany.

■ US TREASURY bonds slipped yesterday morning after the release of figures showing surprising strength in the housing market in January even taking into account a boost from warm weather.

At midsession, the Treasury's benchmark long bond was quoted ⅝ point lower for a yield of 8.45 per cent and other long-dated issues were as much as ⅝ point lower.

Housing starts surged 29.6 per cent in January, the largest rise in a month since the Commerce Department started keeping statistics in 1959. Analysts had expected a strong figure for last month because of unseasonably mild weather. However, the rise was two to three times above expectations.

The mood remained rather defensive as the market tried to determine what impact, if any, the bankruptcy of Drexel Burnham Lambert will have on price levels as it sells its inventory. Reports late on Wednesday suggested Drexel was making good progress in selling its holdings of corporate, agency and government bonds.

Relit kindles French confidence

George Graham examines a streamlined settlements system in Paris

Plans for a new automated settlements system on France's stock market are moving into the home straight. They mark the finishing touch to a far-reaching reform which has completely re-modelled the Paris market over the last five years.

The new settlements system, called Relit, is now being tested and is due to start up for over-the-counter transactions on September 1.

On October 15, it will begin to handle official market transactions, gaining momentum gradually until by March 1991 it should be handling the whole stock market.

Relit will involve automated central settlement, simplifying and regrouping the 24 settlement channels previously used by the Paris market.

Shares and cash will change hands simultaneously on the fifth day after the transaction, with the possibility of moving to the second day once the system is up and running.

The system, helped by the fact that France has abandoned paper share certificates and moved entirely to computerised stock registry, is widely expected to give Paris one of the most reliable settlement systems in the world.

"This will put Paris in a very good position. There has been a whole series of reforms: trading methods, information broadcasting, new financial products, the entry of banks into brokers' capital, dematerialisation of share certificates. Relit is the last link in the chain," said Mr Guy Suant, head of the Relit project co-ordinating committee.

Relit has in fact taken slightly longer to set up than had been hoped.

The computer systems will be delivered to financial intermediaries in June, three months later than originally planned, but, more importantly, a number of banks were showing signs of not being ready to start up on time.

Relit itself cost FFr480m ($84.21m) to develop, but the computer investments by the banks and brokers who will use it have also been heavy, and some establishments could have wished they had longer to spread out the cost.

"Some banks did not see the impact Relit would have on their back offices. Some big retail banks saw what was coming, but not all," said Mr Yvonick Plaud, chairman of Eurotitres, a back-office service set up jointly by the Caisse des Dépots, the state financial institution, and by SITB, a specialist in computer systems for the financial services industry.

Most banks have now taken the measure of the problem, and Mr Suant is confident that they will be ready to start up this autumn.

Several establishments, however, have opted for subcontracting their settlements.

However, Relit's progress has not been as smooth as the Paris financial world had hoped, and a number of problems still remain to be resolved.

In the first place, the co-ordinating committee has had to give up its initial plan to start the entire Relit system in one big bang. It became clear that this would put too much pressure on the market, and a more progressive start-up has now been agreed.

This will begin with over-the-counter transactions, moving on to the the "comptant" or cash market, and finally to the "règlement mensuel" or monthly settlement market, Paris's first tier of stocks.

Secondly, no decision has been taken on what to do to banks or brokers who fail to deliver on time, on the fifth day after the transaction.

A system of fines is under discussion, but bankers say this will not in itself solve the problem of failed transactions.

"You cannot have penalties unless you have an alternative. The simple fact of having penalties won't make someone's back-office system work any better," comments the head of settlements at one large bank.

The alternative to penalties would be a system of stock lending, enabling a bank or broker who does not have the right stock to deliver to borrow from other intermediaries.

Cotinter, an inter-dealer broker set up by Compagnie Parisienne de Réescompte and Société Générale, is due to start an electronic market for stock borrowing and lending at the beginning of March.

It is expected to include the largest banks and insurance companies, quoting rates for the loans of stock, especially government bonds and the shares underlying the traded options market. This will still only deal with the problem for institutional investors.

For individual sharebuyers, the problem is more complicated. One possibility would be a system of automatic stock borrowing managed by the Sicovam, the central French clearing house.

However the banks have been reluctant to hand over so much power to the Sicovam.

The other option is to "draw on the stock," where a bank whose customer does not have the right shares to deliver informally, borrows them from another customer or from one of its mutual funds.

This procedure is theoretically illegal, but is, nevertheless, acknowledged by settlements specialists to be the most widespread way of dealing with the 200 or so transactions which, for one reason or another, fail every day.

All the same, French bankers and stockbrokers are confident that by March next year, they will have a highly effective system, meeting almost all the guidelines laid out by the Group of 30 in their recent report on settlements.

It is also a system which Spain, Australia, Italy and even Poland have already examined as a possible off-the-peg solution to their own stock market settlement problems.

"Come next March, we can all go fishing," says Mr Suant.

Aggressive pricing for World Bank issue

By **Stephen Fidler**, Euromarkets Correspondent

THE $1.5bn seven-year global issue launched on Wednesday by the World Bank was priced yesterday at a more aggressive level than originally envisaged, reflecting strong oversubscription among investors canvassed for the deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
World Bank(a)◆	1.5bn	8¾	100	1997	30/12½bp	Goldman Sachs/Mgn.Stanley
Dong Ah Construction(g)‡◆	100	35bp	100	1997	54/50bp	Swiss Bank Corp.
Sanwa Australia(b)◆	50	9⅞	102	2000	2/1¼	Sanwa Int.
Samick Musical Instr.(c)§◆	30	1	100	2004	2/1½	Ssangyong Inv. and Secs.
D-MARKS						
Belgium, Kingdom of(e)‡◆	500	-⅛	100	2000	15/7bp	Deutsche Bank
FRENCH FRANCS						
Societe Generale Accept.(f)◆	500	Zero	100⅜	1995	1⅞	Societe Generale
YEN						
Vestegnens Kraftvar'skab(a)◆	10bn	7.2	101⅜	1993	1⅜/⅞	LTCB Int.
C. Itoh & Co.(HK) Int.(a)◆	10bn	7¼	101⅝	1994	1⅝/1⅛	Daiwa Europe

‡Floating rate notes. §Convertible. ◆Final terms. a) Non-callable. b) Call 1992 at 100. c) Conversion price: 58,575. Exchange rate: 688.6 won with conversion premium of 75%. Call from 1992 at 104% declining 1% p.a. to par. Put March 1995 to yield 8½%. e) ⅛ under 6-month Libor. Call after three years at par and on coupon dates thereafter. f) Repayment linked to performance of Paris Stock Exchange CAC-40 index. Difference between index on March 7-8 1990 and index of Feb.28 1995. g) 35bp over 6-month Libor. Put option at 100 March 1995. Minimum coupon 5%.

INTERNATIONAL BONDS

The issue was priced, with an 8¾ per cent coupon and a par issue price, to give an interest margin of 33.4 basis points, or hundredths of a percentage point, over the seven-year Treasury. Originally, a spread of 35 to 38 basis points was suggested, with the Bank moving the indicated price level down to 33-34 before again canvassing investors.

In reducing the margin from the originally indicated levels, dealers reported a significant number of investors fell away, particularly in Europe.

Some were said to be unhappy at the way this was done, and said that as a result the issue had not met the absolute success of the first issue last September with a 10-year maturity. In any case, interest was enough to result in multiple subscription, according to World Bank officials.

Ms Jan Wright, senior financial officer at the World Bank, said if the issue had been brought at the originally proposed spread the subsequent secondary market could have been disorderly. In the event, the issue was freed to trade at 4.15pm London time and held its spread thereafter.

Uncertainty in the fixed-rate D-Mark bond markets has helped to support the floating rate note market. Belgium took advantage of this yesterday with a DM500m 10-year issue through Deutsche Bank, priced at ⅛ point below 6-month interbank offered. Despite the apparent tightness of the issue, it was better received than almost any of the recent issues and traded at 99.90/95 – enough to give co-managers of the issue a profit.

AFBD and TSA seek regulatory harmony

By **David Waller**

THE ASSOCIATION of Futures Brokers and Dealers and the Securities Association, two of London's self-regulatory organisations, are to look at ways of harmonising their common regulatory functions, it was announced yesterday.

A joint announcement said that staff from the two bodies would spend time over the next few months examining the scope for increased collaboration in the interest of cost-saving and greater efficiency.

The SROs said that greater collaboration may provide a more comprehensive coverage of the derivatives markets and "should therefore ensure enhanced protection for those investing with the firms concerned."

Both organisations felt that the current system of regulation was too complicated and created unnecessary duplication.

In addition, the AFBD's expertise in derivatives regulation can presently be applied only to its members, rather than to derivatives firms in general. A reduction in the duplication of regulatory effort would allow staff to be used more efficiently and to better effect, the regulators said, as well as saving costs.

Another consideration would be that collaboration could give rise to a single point of contact with overseas derivatives regulators – and possibly to the Securities and Investments Board and other UK regulators as well.

This would "greatly strengthen" the negotiating authority of the twobodies.

Mr Christopher Sharples, chairman of the AFBD, acknowledged that there was a pressing need for some rationalisation of of the UK regulatory structure.

Mr Stanislas Yassukovich, Mr Sharples' counterpart at TSA, shared his view.

"We shall seek to achieve maximum efficiency and lowest possible costs consistent with good regulation," commented Mr Yassukovich.

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Thursday February 15 1990.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Feb 14 Index No.	Tue Feb 13 Index No.	Mon Feb 12 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	869.42	-0.5	13.07	4.91	9.32	1.62	873.51	875.57	874.75	984.92
2	Building Materials (27)	1051.69	-1.3	14.97	5.37	8.33	0.58	1065.71	1071.92	1075.48	1135.88
3	Contracting, Construction (37)	1457.48	-1.6	16.96	5.42	7.72	0.67	1481.43	1487.20	1496.02	1656.38
4	Electricals (10)	2462.70	-1.1	10.93	5.05	11.50	0.75	2489.78	2498.46	2500.17	2666.89
5	Electronics (30)	1933.23	+0.9	9.30	3.73	13.91	10.21	1915.93	1920.54	1916.85	2013.51
6	Engineering-Aerospace (8)	429.25	-0.7	14.09	5.14	8.72	0.04	432.42	434.09	434.09	0.00
7	Engineering-General (44)	464.85	-0.8	12.07	5.08	9.98	1.28	468.48	466.55	467.38	0.00
8	Metals and Metal Forming (6)	472.84	-1.0	24.94	6.36	4.52	0.00	477.85	467.64	467.56	518.25
9	Motors (16)	366.21	.....	14.46	5.76	8.11	0.00	366.25	364.62	361.94	388.84
10	Other Industrial Materials (25)	1564.72	-0.2	10.77	4.61	10.77	3.06	1567.24	1565.31	1570.87	1585.02
21	CONSUMER GROUP (177)	1262.15	+0.8	8.95	3.77	13.95	3.05	1251.59	1248.25	1248.22	1168.05
22	Brewers and Distillers (22)	1471.44	+0.8	9.50	3.58	12.99	6.54	1459.39	1454.37	1446.10	1275.87
25	Food Manufacturing (19)	1090.54	+0.1	9.84	4.06	12.64	1.70	1089.54	1090.39	1096.93	1044.65
26	Food Retailing (16)	2306.16	+1.1	8.80	3.29	14.75	6.99	2281.27	2263.94	2268.21	2018.77
27	Health and Household (13)	2472.29	+1.7	6.33	2.65	18.81	0.20	2431.86	2427.68	2429.92	2114.96
29	Leisure (33)	1579.41	+0.1	8.49	3.75	14.51	4.83	1577.96	1578.70	1575.86	1568.36
31	Packaging & Paper (13)	576.73	+0.5	12.18	5.38	10.37	0.90	573.60	572.68	573.12	597.31
32	Publishing & Printing (17)	3512.70	-0.3	9.21	5.01	13.86	21.20	3524.73	3511.80	3527.97	3727.23
34	Stores (31)	794.35	+1.4	10.95	4.72	11.88	1.78	783.71	780.06	779.17	770.59
35	Textiles (13)	510.48	+0.6	11.33	5.88	10.71	0.27	507.38	505.31	502.02	517.69
40	OTHER GROUPS (103)	1184.50	+0.6	10.79	4.72	11.10	0.34	1176.89	1173.87	1172.00	1044.44
41	Agencies (17)	1601.88	+1.0	6.54	2.33	18.81	0.05	1586.23	1574.91	1573.66	1245.94
42	Chemicals (22)	1194.07	-0.3	12.70	5.39	9.28	0.57	1197.75	1200.06	1200.10	1206.38
43	Conglomerates (13)	1620.62	+1.1	11.09	6.05	10.59	0.00	1602.96	1599.24	1604.35	1459.20
44	Transport (13)	2252.80	+0.7	10.74	4.27	11.86	2.88	2237.83	2248.60	2239.03	2285.62
46	Telephone Networks(2)	1260.09	+0.9	10.08	4.07	12.90	0.00	1248.94	1243.81	1236.49	1093.99
47	Water(10)	2063.17	+2.0	16.89	6.56	6.56	0.00	2021.94	1997.14	1984.14	0.00
48	Miscellaneous (26)	1877.10	.....	9.48	4.38	11.98	0.91	1877.99	1872.78	1875.28	1449.26
49	INDUSTRIAL GROUP (483)	1152.89	+0.5	10.54	4.35	11.61	1.86	1147.62	1145.37	1145.16	1083.92
51	Oil & Gas (17)	2438.32	+0.8	8.83	4.68	14.96	6.21	2419.18	2411.65	2391.30	1899.32
59	500 SHARE INDEX (500)	1259.41	+0.5	10.28	4.39	12.00	2.20	1253.05	1250.38	1248.64	1153.57
61	FINANCIAL GROUP (114)	825.39	+0.3	–	5.16	–	0.99	822.65	822.47	819.86	749.54
62	Banks (9)	866.99	+0.4	19.76	5.79	6.65	1.48	863.18	862.64	863.83	752.93
65	Insurance (Life) (7)	1363.03	-0.1	–	4.87	–	0.00	1364.06	1379.96	1358.81	1031.87
66	Insurance (Composite) (7)	702.93	+0.2	–	5.38	–	0.00	701.53	698.40	687.13	594.64
67	Insurance (Brokers) (6)	1108.77	+0.9	6.66	5.69	19.98	0.00	1098.58	1106.42	1106.98	1018.88
68	Merchant Banks (8)	499.91	+0.8	–	3.56	–	0.04	495.84	496.32	497.03	353.53
69	Property (49)	1158.01	+0.3	7.88	3.75	16.05	1.30	1154.82	1150.87	1155.41	1299.16
70	Other Financial (28)	331.87	+0.3	13.07	6.37	10.09	1.75	330.73	329.93	330.11	386.47
71	Investment Trusts (68)	1216.05	.....	–	3.02	–	1.13	1216.53	1211.84	1215.74	1068.01
91	Overseas Traders (5)	1407.78	.....	10.80	6.49	10.89	30.79	1407.05	1402.52	1407.05	1399.73
99	ALL-SHARE INDEX (687)	1154.36	+0.5	–	4.48	–	2.04	1149.07	1146.88	1145.18	1055.20

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 14	Feb 13	Feb 12	Feb 9	Feb 8	Year ago
FT-SE 100 SHARE INDEX‡	2313.8	+15.5	2314.4	2289.3	2298.3	2293.2	2286.9	2313.6	2331.0	2033.8

FIXED INTEREST

	PRICE INDICES	Thu Feb 15	Day's change %	Wed Feb 14	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	114.73	-0.22	114.97	–	2.02
2	5-15 years	124.24	-0.58	124.97	–	1.60
3	Over 15 years	132.45	-0.80	133.51	–	0.98
4	Irredeemables	149.97	-1.19	151.78	–	0.00
5	All stocks	123.55	-0.49	124.16	–	1.70
	Index-Linked					
6	Up to 5 years	139.29	-0.04	139.35	–	0.94
7	Over 5 years	134.91	-0.48	135.72	0.17	0.81
8	All stocks	135.12	-0.44	135.88	0.15	0.82
9	Debentures & Loans	101.88	-0.28	102.16	–	1.14
10	Preference	80.33	-0.29	80.57	–	0.86

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 15	Wed Feb 14	Year ago (approx.)
	British Government				
1	Low	5 years	10.73	10.70	8.98
2	Coupons	15 years	10.39	10.30	8.80
3		25 years	10.29	10.18	8.73
4	Medium	5 years	11.89	11.78	10.14
5	Coupons	15 years	10.78	10.67	9.23
6		25 years	10.40	10.28	8.85
7	High	5 years	12.03	11.92	10.27
8	Coupons	15 years	10.97	10.87	9.44
9		25 years	10.53	10.41	9.02
10	Irredeemables†		10.34	10.20	8.71
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.51	4.48	3.38
12	Inflation rate 5%	Over 5 yrs.	3.93	3.89	3.51
13	Inflation rate 10%	Up to 5 yrs.	3.65	3.62	2.59
14	Inflation rate 10%	Over 5 yrs.	3.77	3.73	3.36
15	Debs &	5 years	13.49	13.47	11.83
16	Loans	15 years	12.76	12.72	11.25
17		25 years	12.75	12.71	10.71
18	Preference†		11.49	11.45	10.03

‡Opening index 2293.3; 10 am 2290.2; 11 am 2297.5; Noon 2303.2; 1 pm 2303.7; 2 pm 2304.8; 3 pm 2306.4; 3.30 pm 2306.1; 4 pm 2314.3 (a) 4.01pm (b) 9.43am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
PLEASE NOTE: The 1990 FTA constituent list is now available.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	89	4
Corporations, Dominion and Foreign Bonds	0	6	31
Industrials	276	382	943
Financial and Properties	153	130	411
Oils	25	32	35
Plantations	2	1	7
Mines	26	54	78
Others	64	63	126
Totals	551	757	1,635

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	101	93	Abtrust New Thai Inv.	95		–	–	–	–
§	F.P.	–	61	45	Do. Warrants	48		–	–	–	–
$75	F.P.	–	93	81	‡Air London 5p	93	+1	R2.25	2.5	3.2	24.1
–	F.P.	–	1¼	¼	‡Atlantic Res. Warrants	1		–	–	–	–
100	F.P.	–	101	100	BZW Conv. Inv. Tst. 10p	100		–	–	–	–
–	F.P.	–	4¼	1	Bear Brand Warrants	2¼	-¼	–	–	–	–
$42	F.P.	–	45	37	*Biocure 1p	39		–	–	–	–
†	F.P.	–	300	300	*Chartwell Group £1	300		N1.0	–	0.4	–
†	F.P.	–	215	215	*Citybond Storage Serv.£1	215		–	–	–	–
–	F.P.	–	49	38	First Philipne. Inv. Tst.	40	-1	–	–	–	–
–	F.P.	–	22	17	Do. Warrants	19		–	–	–	–
†	F.P.	–	59	57	Gartmore Emg. Pac.10p	57		N0.1	–	0.2	–
†	F.P.	–	26	23	Do. Warrants	26		–	–	–	–
150	F.P.	–	145	138	Goldsmiths Group 10p	139	-1	R5.1	1.8	4.9	12.9
$100	F.P.	–	108	103	Grosvenor Dev. Cap.	108	+1	–	–	–	–
$38	F.P.	–	43	38	*Image Store Hldgs. 10p	41	-1	–	–	–	–
†	F.P.	–	600	456	JF Philippine Fd $1	472		–	–	–	–
§	F.P.	–	265	193	Do. Warrants	221	-1	–	–	–	–
†	F.P.	–	665	616	Kyowa Bank Y50	645		Q14%	4.7	0.5	46.4
100	F.P.	–	103	99	Lon. & New York Cv. Tst.	100		W6.38	–	8.5	–
$10	F.P.	–	608	575	Malaysia Eq. Fd. 10c	583	+8	–	–	–	–
$10	F.P.	–	223	221	Do. Warrants 10c	221		–	–	–	–
$10.5	F.P.	–	660	609	Malaysian Smllr. Co's Fd.	649		–	–	–	–
§	F.P.	–	299	233	Do. Warrants	295		–	–	–	–
–	F.P.	–	35	22	Merlin Intl Green Wrnts	34	+1	–	–	–	–
$75	F.P.	–	78	60	‡Mucklegate Group 1p	60	-1	R2.25	3.4	5.0	7.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	117p	115p	BZW Conv. Inv Tst. Units '96-2002 5p	115p	
-	F.P.	-	85p	71p	Bear Brand 10¼pc (Net) Cv.Cm.Pf	74p	+1
98.94	F.P.	-	99⅞	93⅝	British Inv. Tst. 11¼pc Sec. Db 2012	93⅞	+⅛

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
25	Nil	–	6pm	3pm	Bullers	3pm	-1
5	Nil	–	1pm	½pm	Lowndes Queensway 5p	½pm	
190	Nil	21/3	26pm	16pm	‡Norfolk House 5p	21pm	-1
90	Nil	–	3pm	¼pm	Plateau Mining 20p	¼pm	
670	F.P.	13/3	784	734	Rank Organisation	759	
127	Nil	–	47pm	22pm	‡Ross Group 10p	38pm	-2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. §Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Feb 5
- Last Dealings Feb 16
- Last Declarations May 10
- For settlement May 21

For rate indications see end of London Share Service

Calls in ASDA, Next, Priest Marians, Anglesey Mining, Rockwood and Aviva Petroleum.

LONDON TRADED OPTIONS

THE MARKET was again modestly traded despite an improvement in volume on the stockmarket yesterday. Business was concentrated in a number of stock options, including the Water Package, Amstrad, Hanson and British Aerospace.

The Water Package traded a total of 4,020 contracts, due mainly to one large 3,000 lot transaction in the May 1,500 puts. This was reflected in the turnover figures, which showed 4,000 puts having changed hands and 20 calls. The May 1,500 put was the busiest series, trading 3,000 lots.

Amstrad's larger-than-expected £30m first-half profits prompted a brisk two-way market. In total, 3,426 contracts changed hands, of which 2,625 were calls and 801 were puts. The January 60 call series was the most active, trading 874 contracts. One sale of 500 March 50 calls at 11p was reported.

News that Hanson is buying a 45 per cent stake in Peabody Holding, a US coal producer, made it one of the busier options. The market saw 1,876 contracts changed hands, of which all but one were calls. The May 240 call series was the busiest, and it traded 1,159 lots.

British Aerospace traded 1,072 contracts, almost equivalent to the turnover on the stock market, where 1.3m traded in uneventful dealing. Of the options total, 1,049 were calls and 23 puts. The February 500 call series was the busiest, trading 451 contracts.

Racal also saw some interest following news that it had started talks with the UK Government to supply an integrated voice and data service. A total of 985 lots were dealt, comprising 972 calls and 13 puts. The February 230 call series was the busiest, trading 283 contracts.

Turnover in the total market was 28,428 contracts, slightly less than Wednesday, but still insufficient to keep the market fully occupied. A total of 14,855 calls and 13,573 puts were traded. The FT-SE 100 index option traded 7,473 contracts, of which 1,755 were calls and 5,718 were puts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*481)	460	42	50	67	8	17	19
	500	17	28	46	27	36	40
	550	5	14	25	73	73	75
ASDA (*111)	110	11	16	18	8	9	11
	120	7	12	15	13	15	17
Brit. Airways (*195)	180	23	26	31	3	7	9
	200	9	14	21	11	17	18
	220	3½	7½	12	27	30	31
Brit Com	70	11	15	18	6	9	11
Ultramar (*382)	360	35	50	60	10	13	18
	390	18	35	42	25	28	30

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*525)	500	30	50	65	2	22	30
	550	3	25	40	28	48	55
BAA (*382)	360	24	41	50	1½	9	15
	390	2	23	34	12	21	26
BAT Inds	800	18	57	83	7	27	37

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*181)	180	7	12	16	10	12½	15
	200	2	4	9	28	29	30
Amstrad (*57)	50	9	12½	17	2	4½	6
	60	3½	8	12	6½	9½	11
Barclays (*546)	500	53	65	73	3	11	18
	550	18	32	42	27	30	42
Blue Circle (*233)	220	20	24	32	4	10	14
	240	–	12	21	–	22	24

UK COMPANY NEWS

Lloyds sells Canadian arm for £93m

By David Barchard, Michael Marray in Hong Kong and Bernard Simon in Toronto

LLOYDS BANK, the smallest of the Big Four UK clearers, yesterday continued its retreat from overseas markets with the sale of Lloyds Bank Canada, its loss-making subsidiary, for C$190m (£93.08m). The buyer was Hongkong Bank of Canada.

The sale is the latest in a series of withdrawals by Lloyds from international markets outside Europe and the intention is to fall back on its more lucrative core business and boost its capital ratios.

Last September Lloyds sold its US commercial banking operation to Daiwa of Japan, and in 1986 it sold its Californian retail operation.

Mr Brian Pitman, Lloyds chief executive, said: "We had very little chance in the Canadian market where we were very small against our competitors. We will now be able to reinvest the proceeds at not less that 20 per cent after tax."

Lloyds Bank Canada made a loss of C$35.5m before tax and extraordinary items in the year to October 31. Its capital and reserves total C$222.8m and it has total assets of C$4.5bn. The bank has a network of 54 branches and employs some 1,350 people.

Lloyds' gains from the sale may be offset by any unprovided loan losses up to a maximum of C$100m and costs in funding agreed non-performing loans.

The merger creates by far the biggest foreign-owned bank in Canada as well as the largest retail network of any foreign bank. Citibank Canada has assets of C$5bn, compared to C$10.6bn for the enlarged Hongkong Bank of Canada. Lloyds' strength is in Ontario and Quebec, where it caters mainly to upmarket retail customers and mid-sized businesses, while Hongkong Bank of Canada has 49 of its 61 branches in western Canada: so the two banks should make a good fit.

Mr John French, international general manager of Hongkong & Shanghai Bank, pointed to the substantial business connections between Hong Kong and Canada as a result of emigration from the colony where British rule ends in 1997. Toronto already has a large population of Hong Kong Chinese immigrants.

Prudential makes £16m disposal in Australia

By Patrick Cockburn

PRUDENTIAL Corporation, the UK insurer, is to sell its Australian finance and leasing subsidiary Prudential Finance in Sydney to Metway Bank, of Australia, for A$36m (£15.9m).

The main business of Prudential Finance, which has a A$380m portfolio of loans backed by borrowing, was to lend money to property developers usually working on small projects. Acquired in 1987 the business had raised pre-tax profits to A$15.9m in 1988 against A$7.5m in 1986.

Prudential said yesterday that although the subsidiary was successful, its activities were outside its core businesses of investment management, life assurance and related services and the exposure was somewhat too great.

Prudential Finance was owned by the Australian life fund of the Prudential Assurance Company through Prudential Finance Holdings. The latter still retains control of two other businesses: a house builder and property being sold off for retirement homes.

Prudential has rapidly expanded its business in Australia since taking over the Australian life interests of Aetna of the US a year ago.

Crest Nicholson shares tumble 30p as analysts slash forecasts

By Vanessa Houlder

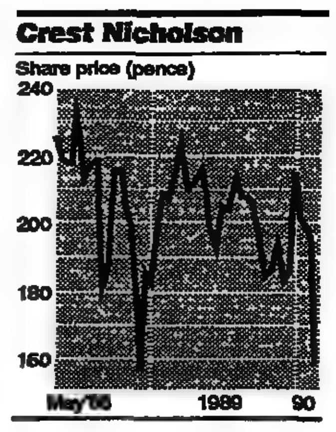
SHARES IN Crest Nicholson, the building and property developer, yesterday tumbled 30p to 160p after a cautious trading statement caused analysts to slash their profits forecasts.

Pre-tax profits for the current year are expected to fall far short of those for the year to October 31 1989 which the company yesterday announced have increased from £36.05m to £37.12m.

The company warned that it would show little, if any, profit in the first half year following a marked fall in house prices and a consequent reduction in margins. "The deterioration towards the end of the year exceeded our worst expectations," it said.

Mr David Donne, chairman, voiced his hopes that Wednesday's rise in the mortgage rate would not have as serious an impact as last October's base rate rise. "There may be a pause over the next week but a head of steam has built up."

Prospects for the commercial property market had also deteriorated in the last three months, he said. "Even though our commercial development activities are geographically well spread and cover a wide spectrum of end-users, we will not be immune from the effects of any over-supply of space nor the continuance of a weak investment market."



The breakdown of profits showed that residential property development had fallen from £25.56m to £17.35m. Crest Homes sold more than 1,300 homes in 1989 compared with more than 1,400 in 1988, a fall of 7 per cent. The commercial property division increased profits from £7.68m to £15.32m and the construction and leisure businesses rose from £2.08m to £5.57m.

Borrowings at the year-end were £17m representing gearing of 11 per cent. The company said that in the circumstances this was a most satisfactory position because most of its £217mn bank facilities were unused.

Earnings per share increased to 26.32p (25.62p). A maintained final dividend of 4.65p was recommended making 7.65p (7.15p) for the year – a 7 per cent increase.

COMMENT

Coming hard on the heels of the Abbey National's rise in mortgage rates – which blunted most hopes of a continued uplift in the market – Crest's downbeat statement shook many housing analysts. The scale of the fall in residential property margins surprised the City and Crest's comments on commercial property have drained yet more confidence from that market. Looking ahead, the question is whether the company can muster any recovery in 1991. The uplift in the commercial property market is likely to lag behind that of the housing market and even if an interest rate cut brings buyers back to the residential market, Crest may find that the cost of land bought two years ago continues to depress its margins. Forecasts for this year vary widely but, assuming it makes pre-tax profits of £20m, the shares are not particularly attractive on a p/e of 11.

Photo-Me growth grinds to halt

By Clare Pearson

THE PROFITS advance at Photo-Me International, the world's biggest operator of photo-booths, virtually ground to a halt during the six months to end-October.

After charging depreciation, the company made pre-tax profits of £8.83m against £8.72m last time. Nonetheless the interim dividend is doubled to 1.2p, payable from earnings of 8.57p (8.19p) per share.

Mr Peter Berridge, company secretary, played down the significance of the set-back.

"I think people have been anticipating that our growth over the last couple of years would continue. But traditionally we have paused for breath every few years."

Mr Berridge said trading profits for the full year were expected to show a similar advance to that achieved at the half-year, when they rose to £12.83m (£11.79m).

Sluggish growth stemmed from a combination of increased investment and disruption arising from the company's move from Walton-on-Thames to Bookham, he said.

About six months' production had been disrupted as against an expected three months' work. But the increase in trading profits showed that costs had been contained.

Turnover stood at £52.1m (£50.29m). The depreciation charge rose from £3.1m to £4m. Photo-Me does not capitalise any research and development. Most of the investment went on developing dry imaging, or electronic imaging using videos to produce photographs.

The shares shed 5p to 345p.

Meyer sells Travis stake

Meyer International, the builders' and timber merchant, has disposed of its 21 per cent holding in Travis Perkins.

The stake, which had been placed with institutions, was acquired during the attempted takeover of Travis which failed in October 1988 when Travis and Sandall Perkins merged their builders' merchants businesses.

The block was sold for £38.8m compared with a book value of £32.8m at March 31 last year. However, the company has incurred heavy interest charges which contributed to a £8.96m debit for the six months to September 30.

Rank Xerox downturn

RANK XEROX, the office machinery manufacturer which is jointly owned by Xerox Corporation of the US and the UK's Rank Organisation, reported pre-tax profits down from £274.2m to £264.5m for the year to October 31 1989.

Turnover was up 10 per cent to £2.54bn. Profit on ordinary activities before charges paid to Xerox were £418.2m (£416.2m). The charge included a proportion of the American parent corporation's research and development and corporate overhead expenses from which Rank Xerox benefits.

Rank announced last month that its share of profits from Rank Xerox, calculated under a complex formula, increased six per cent to £159.6m (£150.5m).

Mr Jack Milligan, Rank Xerox's finance director, said that the share included a profit from Fuji Xerox, the associated company in Japan and the Far East.

SHARE STAKES

Caird Group: Norwich Union Life Insurance beneficially owns 2.85m convertible redeemable preference (8.01 per cent).

Capital Radio: Mr N Walmsley and Mr P Pinnegar, directors, now hold 630,349 and 312,682 ordinary respectively after taking up options and selling certain ordinary.

Castle Communications: NM Rothschild Asset Management sold 31,500 shares, reducing interest to 375,000 (7.4 per cent).

Claremont (UK): Hanover Nominees holds 2.43m shares (6.17 per cent).

Clearmark: Toymaker Pension Trustees sold 1.98m shares at 11p each; holding now 7.96m (6.48 per cent).

Courtyard Leisure: JM Donachie increased holding to 500,000 shares (6.2 per cent).

Derwent Valley: Prudential Portfolio Managers bought 40,000 and total now 782,234 ordinary (10.08 per cent).

Eurotherm International: funds under the control of Scottish Amicable Investment Managers hold 2.88m shares (6.69 per cent).

First National Finance: Robert Fleming group interested in 12.53m shares (7.93 per cent).

Forminster bought 50,000 shares at 350p each for cancellation, leaving 2,794,326 in issue.

Jones and Shipman: MIM acquired 153,000 ordinary bringing holding to 853,000 (7.01 per cent).

Kingsgrange: English and International Trust beneficially owns 897,000 ordinary (5.8 per cent).

Lamont Holdings: funds under the control of Scottish Amicable Investment Managers hold 1.74m shares (7.43 per cent).

Newmarket Venture Capital: The Equitable Life Assurance Society now has an interest in 3m shares (8.42 per cent).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Amstrad ....int	0.4	Apr 12	0.4	-	1.4
Cranbrook Elec§....fin	nil	-	0.75	0.5	1.25
Crest Nicholson ....fin	4.65	-	4.65	7.65	7.15
Green Property ....fin	2.34♣	Mar 30	2	3.5	3.1
Photo-Me ....int	1.2	Apr 6	0.6♥	-	3♥
River & Merc Tst....fin	2.8	-	2.35	7.3	6.65
Scot Amer Inv ....fin	0.9	Apr 5	0.74	3.3	2.57
Trace Computers ....int	0.55	Apr 9	-	-	-
Trust of Propty ....fin	1.333	Apr 20	0.933	1.333	0.933
Yeoman Inv Tst ....fin	1.25	Apr 5	1	12.25	10.3
Young Group § ....fin	5.2	Apr 30	3.25	7.8	3.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♥Adjusted for sub-division. ♣Irish pence throughout.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- AT Trust, Portsmouth and Sunderland Newspapers, Zurich.

Finals- ABB Kent, Anglo & Overseas Trust, Clabir (Jersey), Newmarket Venture Capital, Sycamore.

FUTURE DATES

Interims-	
HTV	Mar. 20
Lincat	Mar. 2
Macro 4	Mar. 1
Finals-	
Bostrom	Mar. 28
Capital & Counties	Feb. 27
Christies Intl	Mar. 14
Foreign & Colonial Inv	Feb. 28
General Accident	Feb. 28
Hampden Homecare	Mar. 2
Lex Service	Mar. 15
Property Co of London	Feb. 20
Reliant	Feb. 19
Victaulic	Mar. 6

UK COMPANY NEWS

A substantial increase in oil prices forecast by the mid-1990s as dividends rise 10%

BP reveals 13.4% improvement to £345m

By David Thomas, Resources Editor

BRITISH Petroleum yesterday predicted a substantial rise in oil prices by the mid-1990s as it announced an increase in its 1989 dividend to 14.9p, a 10 per cent rise on the previous year.

The company unveiled a 13.4 per cent increase to £345m in its after-tax profits *on a replacement cost basis in* the fourth quarter of 1989, although full-year figures fell back by 5.2 per cent to £1.361bn compared with 1988 which included results for mineral assets sold last year.

Sir Peter Walters, who was presenting his last set of results before retiring as BP chairman, said the company was assuming that oil prices would reach $25 a barrel by 1995, as against a predicted average figure of $18 a barrel this year. "We have a feeling that if it is going to be different, it will be on the upside," he said.

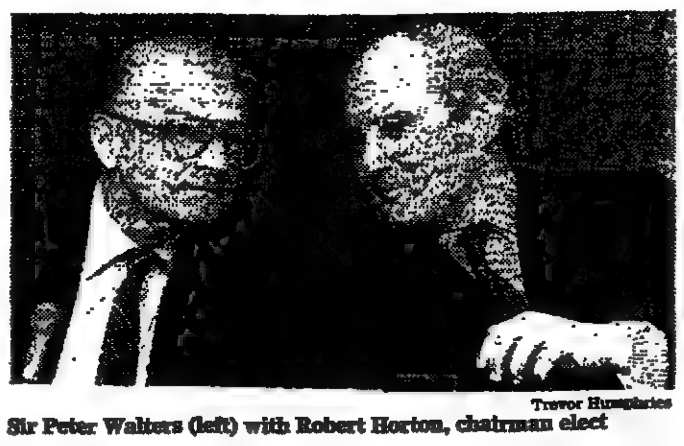
Sir Peter, who is due to hand over to Mr Robert Horton in March, highlighted the seventh consecutive annual rise in BP's dividend.

The City reacted well to the results and the announcement of a 3.95p dividend for the fourth quarter, marking the shares up 3¼p to 346¼p.

However, some analysts were dismayed at the 33 per cent decline in fourth quarter operating profits in BP's chemicals business to £81m. BP predicted continuing pressure *this year on margins* in both its chemicals and refining operations.

On a historical cost basis after taxation, which includes gains or losses from stock holdings, full-year profits jumped by 44 per cent to £1.744bn, reflecting stock holding gains of £383m.

The company enjoyed an extraordinary after tax profit of £390m in 1989 from the sale of most of its minerals interests and of coal interests in Australia and South Africa. The fourth quarter result was boosted by a pre-tax profit of £98m from the sale of part of BP's City headquarters.



Trevor Humphries

Sir Peter Walters (left) with Robert Horton, chairman elect

Interest expenses for the year rose to £794m (582m), reflecting a number of factors including debt incurred to repurchase shares from the Kuwait Investment Office in March.

The repurchase of the shares also helped to explain the jump in earnings per share to 31.8p (20p) in the year. Funds generated from operations during the year amount to £4.773bn, compared with £3.488bn last year.

The group's debt to debt-plus-equity ratio stood at 42 per cent at the end of the year, up five percentage points from the beginning.

However, the company is predicting an influx of £1.4bn from disposals this year. About £1bn of this will be from disposals already completed, with the remainder coming from mineral, coal and property assets earmarked for sale.

The company said this should reduce its gearing to about 38 per cent by the end of this year.

BP's exploration and production business made replacement cost operating profits of £1.574bn (£1.381bn) in 1989.

Total crude oil production averaged 1.412m barrels a day (b/d) compared with 1.55m b/d in 1988. The group is forecasting relatively stable production at about 1.5m b/d in the medium term.

Refining and marketing operating profits fell to £732m (£769m), which BP attributed mainly to increases in product costs. Chemicals advanced to £540m (£514m) over the year, but lower margins contributed to the fourth quarter decline.

Nutrition's operating profits advanced to £43m (£14m) and coal's operating profits were *also up at £38m (£20m).*

Capital expenditure and minor acquisitions amounted to £3.503bn, compared with £3.628bn last year.

See Lex

Appointment breaks new ground

Carl Hahn

BRITISH PETROLEUM has broken new ground by appointing Dr Carl Hahn, chairman of Volkswagen, as a non-executive director, writes David Thomas.

Dr Hahn will be the first Continental European on BP's board. His appointment is part of a small, but growing trend for large European companies to appoint directors from outside their home base in the run-up to 1992.

BP said that Dr Hahn would bring to its board not only his experience in the motor industry but also of the German market, both west and east.

Dr Hahn was born in 1926 in what is now East Germany and Volkswagen has been forging links with East Germany since the crumbling of barriers between the countries.

BP recently made its first step into the East German market by opening a service station in Dresden. In 1989 it made profits of DM408m on sales of DM12bn in West Germany.

The company said yesterday that Dr Hahn's appointment reflected its awareness of the growing centrality of Germany in European affairs. "Clearly, Germany is going to be a much more important place over the next ten years."

Rebel Norfolk directors resign

By John Thornhill

LADY JOSEPH and Mr Tony Good *have resigned as directors* of the embattled Norfolk Capital Group and intend to vote their 8 per cent shareholding in favour of the £176m all-share takeover offer from Queens Moat Houses.

Their resignation follows last month's failed management coup against Mr Peter Eyles, Norfolk's managing director.

At a shareholders' meeting, Lady Joseph and Mr Good had supported proposals made by Balmoral International – which owns 13 per cent of Norfolk – to force Mr Eyles to resign and appoint Mr Peter *Tyrie, Balmoral's managing* director, to the Norfolk board. Balmoral had been severely critical of Norfolk's "dismal performance."

These resolutions were decisively defeated by Norfolk's shareholders and following the meeting Mr Good and Lady Joseph were asked to consider their positions as non-executive directors of the company.

Mr Anthony Richmond-Watson, Norfolk's chairman, said their resignation would strengthen the company's arguments against Queens Moat's "totally inadequate offer."

"In launching its bid Queens Moat has sought to take advantage of a divided board. With the resignation of Mr Good and Lady Joseph that opportunity no longer exists. The board is wholly united," he said.

Lady Joseph and Mr Good said they believed the Queens Moat bid undervalued Norfolk's assets, but they nevertheless proposed to accept the offer given the discount to net asset value in Queens Moat's own share price and their concern as to the likely effect on Norfolk's share price should the offer fail.

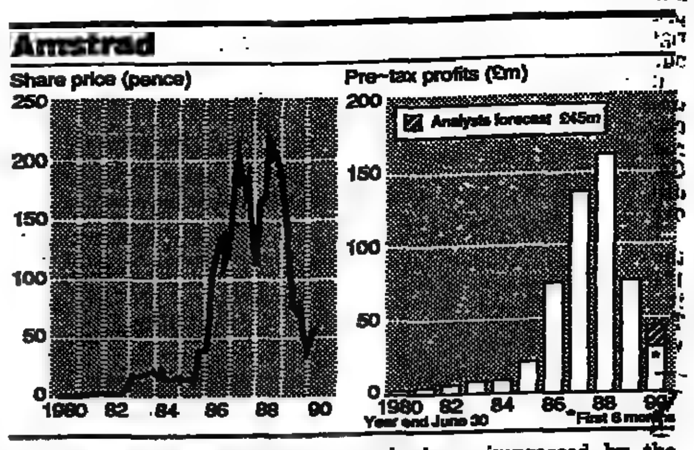
Amstrad beats City forecasts in spite of sharp fall to £30m

By Michael Skapinker

AMSTRAD, the computer and consumer electronics group, yesterday announced pre-tax profits of £30.1m for the half year to December 31, sharply down on the previous year's £75.3m but well above City expectations.

Turnover was slightly up at £373.75m (£348.77m). The interim dividend was an unchanged 0.4p, payable from earnings of 3.43p (8.97p).

City attention had been firmly fixed, however, on the level of Amstrad's inventories. *At the end of last June stocks* stood at £325m and peaked at £335m in September.



Mr Alan Sugar, Amstrad's founder and chairman, said yesterday that its inventory would be down about one third from its peak by the end of this month. He added that net borrowing had reached £114m last September, but that the company would be in a neutral cash position by the end of February.

Some stock reduction had been achieved by the sale of audio products, video cassette recorders and camcorders at cost or below. He said that sales of high margin business and home computers, word processors and satellite equipment had been good. However, stocks of Amstrad's top-of-the-range PC2386 computer remain high. Analysts at a briefing at Amstrad's Brentwood headquarters yesterday were told that the company still had two years' stocks of the computer at current rates of sale.

Mr Sugar said that "there was a time last year when I was very nervous. Things were going wrong all the time." He insisted, however, that "that's behind me."

He added that the remainder of the 1989-90 financial year would be a time of continued consolidation. "From July 1, will be the year to make money," he said. He had particularly high hopes for sales of satellite receiving equipment in West Germany, where four Astra satellite channels had recently *become available.*

He said also that he had learned from his mistakes of previous years and had instituted new management and quality controls.

Last October, Amstrad announced it had appointed several new senior executives and had turned its UK operations into a separate subsidiary. Mr Sugar said yesterday that the new managers and the systems they had introduced should help to avoid the "nightmare lesson" he had had to learn in Spain. A few years ago Mr Sugar said he regarded Amstrad Spain as a superb organisation. *Last October*, however, the managing director of the Spanish subsidiary resigned and new managers were installed.

Mr Sugar said he had previously been impressed by the sales levels the Spanish subsidiary had achieved, adding, however, that "we didn't have the analysis in place to know that they were spending more than they were selling."

He said that the company was also paying far more *attention to the quality of goods* it received from its suppliers. Last year Amstrad recalled 7,000 of its computers after faults appeared in some of their hard disc drives.

Amstrad, he said, was improving quality by carrying out "all the mundane and boring tasks that you have to do in a high technology business. Anyone in the computer industry reading this will say 'It's boring. It's what all companies should do'. We're doing it now. Sorry, it won't happen again."

To convince the market that he is back on track, Mr Sugar knows that he needs to produce *some fast-selling new* products. Despite the progress so far, Amstrad's share price rose only 2½p yesterday, closing at 57½p.

See Lex

Unwelcome limelight for Jute the obscure

David Housego on the controversy shadowing Titaghur, 1988's top performing share

TITAGHUR JUTE, the once obscure textile company that became the best performing share of the year in 1988, has become embroiled in a controversy over allegations that Mr Reg Brealey, its chairman, has violated India's foreign exchange regulations.

Mr Brealey, who spent one night in a Calcutta jail and has had his passport taken away, is alleged to have purchased Indian-held shares of Titaghur Jute, the major jute manufacturer he acquired, through illegally paying abroad a higher price for them than he declared to the Indian authorities. He is also being investigated for var*ious other alleged offences* including failure to declare the full earnings of Titaghur and further illegal transfers of funds abroad.

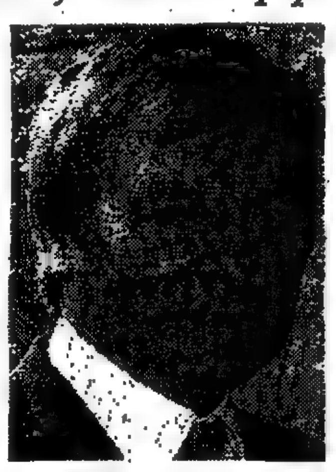
Mr Brealey speaking from Calcutta by telephone yesterday described the allegations as "outrageous". He said that funds to purchase Indian held shares in Titaghur had "been remitted in the proper way and through proper channels. I did not break any rule or regulation of the Foreign Exchange Regulations (Fera)" he said.

Mr Brealey's involvement with Titaghur began more than two years ago. Titaghur owns four jute mills in West Bengal with a labour force of 18,000. Until Mr Brealey took over their running last year, three mills were idle and the backing of debt had climbed to Rs970m.

About 45 per cent of Titaghur's stock was held in India and 50 per cent in England. To acquire the Indian shares, Mr Brealey had to agree to shoulder the company's liabilities, to pump in an additional £2.5m, not to sell any of the company's real estate, *and not to repatriate* funds to Britain for the first seven years.

Mr Brealey sees in an increasingly environment conscious world a rapidly expanding market for jute products. He had also apparently hoped to make a scrip, and then a rights issue, in the UK which would have provided funds to finance investment in India as well as other diversifications in Britain.

Because of the political sensitivity of the case in West Bengal, Mr TG Joseph, the Director of Enforcement in the Ministry of Finance, flew to *Calcutta yesterday* to review the allegations. The Indian authorities have still to decide on whether to bring formal charges.



Reg Brealey: describes the allegations as outrageous

The most specific allegation against Mr Brealey is that he declared to the Indian authorities that he had purchased 445,000 shares in Titaghur from a Mr SN Bhalotia *in Calcutta* at 10p per share. Officials allege he actually paid 125p for the shares and that the undeclared balance was paid to Mr Bhalotia abroad.

The other accusations relate to the under-invoicing of raw materials and the under-stating of the ex-factory price of finished products – proceeds from which were illegally transferred abroad, it is alleged.

Mr Brealey claims that the allegations have been maliciously fabricated by people hostile to him in the company and Calcutta. In particular, he claims that a letter he is alleged to have written on August 10 last year – a day when he was travelling from Calcutta to Jordan – referring to payments he made in sterling is a forgery.

Support for Mr Brealey has come from his own workforce who are back in their jobs since the resumption of production at all plants at the end of last year. They presented a petition on Wednesday that he should be free to move where he likes.

Mr Brealey claims to have so far spent £600,000 of his own money on the company out of the £2.5m he is pledged to spend.

SHARE STAKES

The following changes in company share stakes have been announced recently:

Geevor: *Charles Gill sold* 300,000 ordinary reducing total to 942,236 (4.88 per cent).

Haden Maclellan: Robert Fleming Holdings interested in 4.89m shares (6.13 per cent).

Hambros: Baltica Group raised interest to 14.03 per cent and is largest single shareholder.

Harrison Malayan Estates: Permodalan Nasional lifted iterest to 107m shares (12.65 per cent).

Hilclare: South Yorkshire Pension Fund bought 50,000 ordinary at 95p; total interest 543,500 (19.6 per cent).

Hughes Food: Sopagri, French investment company, bought 250,000 ordinary, increasing interest to 7.25m (9.9 per cent).

Johnston Group: Philippa Ann Marriott and James Johnston each bought 19,225 shares. Total holdings 683,165 (6.52 per cent) and 675,605 (6.45 per cent) respectively.

LIT Holdings: Globe Investment increased holding to 3.83m shares (6.68 per cent).

Merchant Manufactory Estate: Frog Eye has acquired 1.65m ordinary (6.17 per cent).

Mersey Docks: Robert Fleming group interested in 5.66m shares (9.42 per cent).

Midsummer Leisure: funds under the control of Scottish Amicable Investment Managers hold 5.76m shares (10.9 per cent).

Optim Group: Provident Mutual now has an interest in *8.1m ordinary (10.1 per cent).*

Ossory Estates: The interests of the Prudential Corporation Group of Companies, together with those of segregated funds managed for clients in the ordinary share capital of the company, is now 14.68m ordinary (6.39 per cent).

Perkins Foods: interest of Friends Provident Life dropped below 5 per cent.

Principal Hotels: TW West, a *director, sold 3.77m ordinary at* 60p each; holding now 6.17m (14.4 per cent).

Queens Moat: Kuwait Investment Office sold 250,000 shares at 101p; holding now 9.19m (1.26 per cent).

Racal Electronics: BNY (Nominees) reduced interest to 287.67m shares (22.36 per cent).

River & Mercantile Geared Capital and Income: Kleinwort Benson Investment Manage*ment hold for clients under dis*cretionary management, 790,740 ordinary income shares (5.6 per cent).

Saltire Insurance: British Empire Securities acquired 2.15m ordinary making total 4.48m (19.9 per cent).

Scottish TV: London Uberior *(Las Group)* nominees have sold 100,000 ordinary shares and now hold 519,250 (4.62 per cent).

Sheraton Securities: Robert Fleming sold 2m ordinary, *reducing holding to* 5.61m (4.07 per cent).

Sommerville (Wm): James River UK Holdings acquired 5,000 ordinary, increasing holding to 469,092 (73.3 per cent).

Staveley Industries: Prudential Corporation has bought 3.83m shares (5.12 per cent).

Stormgard: Barclays Bank acquired 16.54m shares (5.2 per cent).

Symonds Engineering: GA Rowley, director, acquired 112,795 ordinary at 36p, and holds 786,429 (7.86 per cent).

Thornton (GW): South Yorkshire Pensions Authority increased holding to 521,000 (7.9 per cent).

Throgmorton Trust: *Prudential* Corporation no longer has a notifiable interest.

Wholesale Fittings: M and G Group *has notifiable interest* in 860,000 ordinary (6.09 per cent), carrying right to vote.

Worthington (AJ): Henry Schuldenfrei and Seymour Gorman, both directors, bought 50,000 shares each, at 44p and 45p. They each hold 3.49m (34.91 per cent).

Yelverton Investment: CH Bailey sold 155,000 ordinary; it holds 575,000 (4.93 per cent) and £153,750 of 8 per cent convertible unsecured loan stock 1997.

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UK COMPANY NEWS

Tonks surprises City with £32m cash call

By Richard Tomkins, Midlands Correspondent

NEWMAN TONKS, the Birmingham-based architectural hardware manufacturer and distributor, yesterday surprised the city with a £32.3m rights issue aimed at wiping out group borrowings.

It is also selling its gas controls businesses for about £10m cash and carrying out a boardroom reshuffle that will see Mr Geoff Gahan, a non-executive director for two years, take over as chief executive.

The rights issue, which left the existing shares down 10p at 174p, was unexpected because it came three weeks after Tonks accompanied its full-year results with indications that it would tackle its 45 per cent gearing through the disposal of non-core businesses.

It is likely to increase the market's forebodings that the present high level of interest rates may trigger a string of cash calls by companies which have borrowed to finance expansion and now want to cut their debts.

Last year Tonks spent £50m on acquisitions, £20m of it in cash, partly to build up its presence in the US and continental European markets and partly to establish a distribution network in the UK.

The rights issue is of 22.1m shares at 150p on the basis of one for four ordinaries and one for eight convertible preference shares. It is underwritten by Barclays de Zoete Wedd.

The group is selling its gas controls businesses, Jeavons Engineering, Bowden Bros and James Southerton, to International Gas Apparatus, a company ultimately owned by Ruhr Gas of West Germany.

The two moves will leave the group with about £6m of net cash compared with net borrowings of £26.4m at its October 1989 year-end.

Tonks' outgoing chief executive, Mr Doug Rogers, is to become non-executive chairman. His wife is ill and the move means he will be able to spend more time with his family.

● COMMENT

There was a hint of *déjà vu* about Tonks' rights issue yesterday. In March 1988 Lucas Industries, a company with its headquarters just a few hundred yards away from Tonks in Hockley, Birmingham, used identical reasoning to justify a £163m rights issue. Lucas was accused of opportunism and even now has barely been forgiven. There is little reason to suppose that Tonks will not suffer similarly. Other companies, after all, manage to expand overseas without recourse to shareholders, and the City thought it had been given a clear message in January that a couple of divestments would be enough to foot Tonks' bill. There are low marks, too, for timing, with shareholders being asked to put their money behind an untested chief executive. On the positive side, the rights should marginally add to earnings per share and the company expects to maintain the healthy dividend yield on the extra equity. As with Lucas, the answer seems to be to grumble and stump up.

New owners to review future of Yorkshire Bank after £1bn buy

By David Barchard

YORKSHIRE BANK, the Leeds-based banking group whose £1bn sale to National Australia Bank was completed this week, revealed yesterday that three other foreign banks – one from Australia and two fron Continental Europe – had also been in the running.

A strategic review of the bank's future inside the National Australia Group is to get under way next month. Yorkshire is examining scope for co-operation with Clydesdale and Northern, the other National Australia banks in the UK.

Mr Graham Sunderland, group managing director, said he was pleased that Yorkshire Bank had been bought by an Australian group with similar banking traditions to those of the UK.

Yorkshire Bank also published details of its financial performance for the year ended December 31 1989.

Pre-tax profits of £70.8m, 13 per cent up on the previous year had already been revealed three weeks ago when its previous owners, National Westminster, Barclays, Lloyds, and Royal Bank of Scotland announced its sale to National Australia.

It emerged yesterday that the bank's total assets rose from £3.18bn to £4.05bn, while lending was up from £1.88bn to £2.42bn.

"The results are perhaps not our usual form but I am confident that we can continue to outperform the sector," said Mr Sunderland.

"Our cost/income ratio of 57 per cent is among the best in the industry," he added. However, it was slightly higher than the 55.6 per cent ratio of 1988.

The bank's results would have been about £10m higher without exceptional items including a special bonus of £7m to the staff and £2m in costs incurred during the raising of subordinated debt to recapitalise the bank.

Charges for bad and doubtful debts were up from £15.8m to £18.2m. Mr Sunderland said that Yorkshire Bank was making fairly substantial provisions against bad debts not because it took a particular view of the market, but because its provisioning levels were governed by set formulae and came into force automatically.

Young attacks coal supply deal

MR ROBERT Young, *chairman* of Young Group, the USM-quoted private coal producer, yesterday hit out at the agreement between British Coal and the electricity supply industry in the run up to the latter's privatisation.

"Following the conclusion of these arrangements the electricity supply industry has been reluctant to negotiate on the same terms with private coal producers" he said.

The group's current contract negotiations with the industry have yet to be resolved and Mr Young said while he hoped that the "unfair treatment" of private producers would be relatively short-lived, it would inevitably have an impact on the group's activities.

The statement came as the County Durham-based producer announced taxable profits ahead 12 per cent to £2.84m in the year to December 2 1989.

Although pressure on prices continued, the period had, Mr Young said, seen the group perform well under difficult circumstances. "In spite of some political and public opposition to private coal mining, I am confident that we have built an infrastructure capable of satisfying our need for new sites and broadening our geographical base," he said.

Turnover expanded 42 per cent to £31.62m (£22.26m). Earnings per 10p share were marginally reduced at 22.15p (22.23p) and the recommended final dividend is raised to 5.2p for a total of 7.8p (3.25p) for the year.

An extraordinary charge of £536,000 related to development expenditure at the unprofitable underground mine at Woody Close, near Consett.

Trust of Property

Trust of Property Shares reported net assets per 5p share down to 104.99p at the end of 1989, against 110.44p a year earlier. Net revenue in the year, however, advanced from £60,660 to £93,855 after tax of £34,710 (£21,047). Earnings per share were 1.564p (1.011p) and the dividend is increased from 0.983p to 1.333p.

A one-for-ten scrip issue is also proposed, together with a free issue of new warrants – on a one-for-ten basis – entitling holders to subscribe for one ordinary share at a fixed price during the specified period in each of the years 1991-2000.

Colonnade shares suspended

By Andrew Bolger

SHARES in Colonnade Development Capital, a small investment company which is facing a hostile 163p per share cash bid, were yesterday suspended by the Stock Exchange at 165p.

Colonnade has rejected as inadequate the £8.24m offer made by Stratagem Group, the investment company.

Stratagem said it had been informed that suspension was requested because of concerns that Stratagem may have breached the listing obligation to obtain shareholders' approval for all purchases in excess of 25 per cent of net assets, and about concerns that that may have created a false market for Colonnade shares.

Mr Bernard Kerrison, Stratagem's chairman, said those concerns had arisen in the context of Stratagem's purchase on February 9 of sufficient shares in Colonnade to take its stake above 25 per cent, putting Stratagem in a position to block Colonnade's capital repayment and liquidation plan announced on February 8.

Colonnade had told shareholders that its proposed capital repayment and liquidation should provide 204p per share by the end of the year.

Stratagem said it understood the suspension would continue until the Stock Exchange and Takeover Panel decided what action, if any, need be taken.

Last December Stratagem led the shareholder opposition which blocked a plan by Colonnade to reorganise its management and purchase British & Commonwealth Holdings' development capital arm, Colonnade's investment manager.

COMPANY NEWS IN BRIEF

BEALES (JOHN) is acquiring certain of the trading assets of the Newcastle-upon-Tyne branch of Ryan-Jayberg relating to refrigeration contracting and maintenance in the north east of England for a total of £536,000 satisfied by the issue of 247,000 shares.

COOK (WILLIAM): recent rights issue was taken up as to 4.09m shares (89.8 per cent of the issue).

FISHER (ALBERT) Group: recent rights issue was taken up in respect of 127.6m shares (92.68 per cent of the new shares offered).

HAY (NORMAN) is to dispose of Borough Plating to Borough for at least £650,000 cash, up to a maximum £775,000.

HYMAN: ER Carpenter has received irrevocable undertakings to accept its offer in respect of 6.73m stock units (12.74 per cent).

PORTALS HOLDINGS has acquired, through its Bradley Lomas Electrolok subsidiary, Simpkin Machin & Co, the UK's largest maker of fixed and powered smoke curtains, for just under £1m.

WATERGLADE International has paid DM8m (£2.83m) for a further development site in West Germany. The site comprises a building in the town centre at Wiesbaden, which the company will totally refurbish. When completed, it will have an investment value of DM16.5m.

WHEWAY has sold its 50 per cent share in Wheway Becker, *Walsall-based chain maker, for* £600,000 cash. Becker's contribution to Wheway in the year to September 30 was nil from turnover of £7.1m.

WHITEGATE LEISURE has contracted to purchase the Moulin Rouge Discotheque and Montmartre Night Club in Chesterfield. Total consideration payable *for the leasehold* properties will be £1.135m.

UK COMPANY NEWS

Jameel raises the stakes in its battle for control of the motor group

Hartwell spurns improved offer

By John Thornhill

THE JAMEEL Group yesterday raised its offer for Hartwell from £151.3m to £172.4m in an attempt to win a recommendation from the board of the Oxford-based motor group.

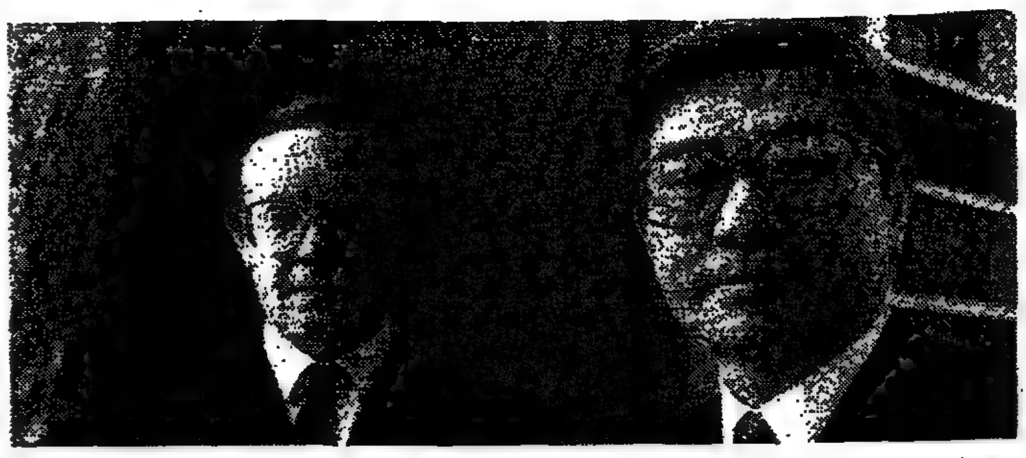
But an hour after the announcement of the revised bid, Hartwell firmly rejected the approach. It claimed the offer was still "totally inadequate," sparking a bitter battle of words between the two sides.

Mr Rupert Carington, chairman of Oakhill through which the offer is being made, hit out at Hartwell's management. "What we find so extraordinary is Hartwell's fast reaction in refusing this bid."

"We are going to win this thing either today or in the near future," he added. "We are not going to go away."

The Saudi Arabian Jameel Group quickly moved to strengthen its position and sent its brokers, James Capel, into the market to buy shares. It snapped up a further 7 per cent of Hartwell's shares taking its total holding to 29 per cent. It also now owns 45.23 per cent of Hartwell's convertible preference shares.

Jameel argued that its revised offer worth 155p (136p) per ordinary share and 142.1p (124.7p) for each convertible preference share represented a prospective exit multiple of 18 times Hartwell's own 1990 forecast. This was a "huge premium to the ratings of other UK motor distributors," it said.



Rupert Carington (left) and John Wei, chief executive: "going to win"

But Mr Peter Huggins, Hartwell's chairman, was dismissive of Jameel's claims. "It is a miserable increase in the offer. It does not reflect the full value of our company."

Stripped of Hartwell's property assets, the Jameel offer valued the company's motor and oil businesses at 13.2 times their prospective earnings, below the going-rate for the sector, Mr Peter Barrett, finance director, argued.

The offer wholly failed to reflect "the full value of Hartwell's motor franchises, its property portfolio and its future prospects," the company claimed.

Hartwell's share price climbed 10p to 156p.

Jameel's offer is final unless another bidder emerges.

● A spokesman for Mercedes-Benz UK said yesterday that the company would not transfer its franchises with Hartwell to the Jameel Group, if its bid were successful.

Hartwell currently runs three Mercedes-Benz dealerships: one car dealership in Manchester; and two commercial dealerships in Ipswich and Norwich.

Mercedes-Benz said that the company would prefer to work with a British-based distributor and expressed concerns about the antipathy caused by a contested takeover. "We believe that a hostile takeover is not a good basis for a stable relationship between us and the dealer."

Jaguar too has signalled that its four Jaguar dealerships run by Hartwell would not be automatically transferred. "We have informed the Jameels that because they have no background in the marketing of luxury cars their application for our franchise would be very unlikely to succeed," a spokesman said.

Ford has already said that it would review its dealerships with Hartwell in the light of a takeover. But both Vauxhall and Rover, which between them have 14 dealerships with Hartwell, said yesterday that they had no objection in principle to the Jameel Group being franchise holders.

Cranbrook dives into the red in second half

By Clare Pearson

CRANBROOK ELECTRONIC Holdings, the USM-quoted distributor of high technology electronic components and subsystems, fell into pre-tax losses of £489,000 in the year to the end of September.

This compared with profits of £420,000 last time, which were double the results of the previous 12 months.

At the interim stage there was a profit of £113,000. The shares closed 5p lower at 42p.

Mr Tony Diamond, chairman, said that once again certain worldwide supplier shortages had not allowed the group to achieve its full potential. The slowdown in the UK economy had been evident in the level of new orders taken in the second half.

He added that the board saw no reason why the setback in the year under review should affect its long-term objectives.

The loss per share came out at 4.28p (3.51p earnings) and the directors are proposing to pass the final dividend leaving a total for the year of 0.5p (1.25p).

Turnover increased to £11.22m (£9.83m). The growth was partially attributed to the strong order book at the beginning of the period. This had marked a significant improvement over the previous year.

There was an operating loss of £236,000 (£545,000 profit). The pre-tax figure was struck after a higher net interest charge of £191,000 (£125,000) and an exceptional loss this time of £62,000.

SHARE STAKES

Dobson Park: Confederation Life increased holding by 100,000 shares to 6.15m

Dunton Group: Huntley Holdings acquired 25,000 ordinary making holding 185,000 voting shares (17.6 per cent).

Equity Consort Investment: NM Rothschild Asset Management has a notifiable interest in 198,375 ordinary (9.16 per cent) and 312,110 deferred (14.42 per cent) through discretionary holdings.

Gartmore European Investment: Barclays Bank holdings on behalf of various clients reduced to 2.13m

Magnet holders may reject refinancing deal

By Maggie Urry

SOME SHAREHOLDERS in Magnet, the loss-making kitchen and bedroom retailer, may not support the group's refinancing package when they vote on the deal at noon today in Ilkley, Yorkshire.

However, the company said it expected the event to be brief and there to be a unanimous vote in favour.

Some people speculated that Mr Albert King, former finance director of Magnet, who remains a shareholder while suing the company for wrongful dismissal, might not support the resolutions.

The group was the subject of a £629m management buy-out in July last year, but kept missing sales and profit targets as high interest rates hit consumer purchases.

Mr Tom Duxbury, who is to resign as chairman after the meeting, is not expected to attend. The settlement for Mr Duxbury is also to be voted on. He is to receive £125,000 in severance pay. The company is also waiving rights to ask him for a £200,000 interest-free loan and to at least £124,000 in share subscriptions. Mr Duxbury is to sell other shares for a nominal £1 as part of the reallocation of shares.

Mr John Foulkes, who was brought in as managing director last autumn, could receive up to £3m from Magnet, even if the company becomes insolvent.

The refinancing package involves no injection of new money but a deferral of interest payments on part of the group's debt for three years.

The group had exchanged contracts on sale and lease-backs of properties which should have raised £115m. However, £76m worth of those contracts have yet to be completed. The contracts had been exchanged shortly before Magnet announced last October that it was in talks with banks about a refinancing.

Analysts are doubtful whether this refinancing will be sufficient to keep the company going for long. One suggests that another refinancing will be needed in September, especially after this week's increase in mortgage rate.

NEWS DIGEST

Green Property advances 49% to I£2.12m

A 49 per cent increase in pre-tax profits to I£2.12m (£1.99m) was announced by Green Property, Dublin-based property developer and investor, for 1989. The previous figure was £1.42m.

A final dividend of 2.3p is proposed for a 3.5p (3.1p) total. Earnings worked through at 8.4p (6.33p) basic and 7.91p (nil) fully diluted. Net asset value per share at the year end stood at 221p (197p).

Trace Computers up 10% to £0.93m

Trace Computers achieved a 10 per cent increase, from £847,000 to £934,000, in pre-tax profits for the half-year to November 30 1989. Turnover rose from £4.61m to £5.8m.

Taxable profits for the six months would have been £1.07m – an increase of 27 per cent over the equivalent period – but for non-recurring costs associated with the move to a new building and difficulties in obtaining planning consent to make it possible to sell the old one.

Earnings per share were lower at 4.78p compared to 4.97p, following the issue of 2.17m new shares in the company's placing in June.

An interim dividend of 0.58p is declared.

GT Venture achieves assets rise to 123.4p

At the half-year ended December 31 1989 net assets per 50p share (fully converted) of GT Venture Investment Company had risen to 123.4p. This compares with 106.9p last time and 120.9p at June 30.

Income for the period totalled £701,000 (£38,000). After management expenses of £144,000 (£160,000) and tax of £176,000 (nil) basic earnings per share worked through at 2.87p (1.01p loss), or 1.46p (0.84p loss) fully diluted.

Again there is no interim dividend. Last year's final was 2p.

London Fiduciary improves to £0.44m

London Fiduciary Trust raised pre-tax profits by 54 per cent from a restated £283,051 to £436,764 for the year ended October 31 1989.

Mr Bernard Klug, chairman, reported that deferred income more than trebled from £1.01m to £3.4m. The progress made in the year through the development of new systems and products and the acquisition of Multi-Marque Vehicle Contracts, had confirmed the company's belief that long-term prospects were good.

Mr Klug said this was strengthened by the fact that it now had the necessary infrastructure in place to confidently expand and develop the existing business through internal growth and strategic acquisitions in the near future.

Turnover grew from £561,471 to £1.35m, while net earnings per share increased from 1.89p to 2.33p.

Assets rise 19% at River & Mercantile

River and Mercantile Trust lifted net revenues by 19 per cent from £5.28m to £6.28m in the year to December 1989.

The investment trust has proposed raising the final dividend from 2.35p to 2.8p to make a total for the year of 7.3p, against 6.55p last time.

Franked dividend income slipped to £6.86m (£6.97m), though unfranked was up at £1.3m (£848,000). Interest on debt securities worked through at £500,000 (£247,000) and underwriting commission was £141,000 (£79,000).

Yeoman net asset value increases 34%

The net asset value per capital share of the Yeoman Investment Trust stood at 188.9p at the end of 1989 – a gain of some 34 per cent on the figure of 140.5p a year earlier.

Earnings per 12.5p income share for the year rose to 11.89p (10.1p) from net revenue of £2.93m (£2.49m). A recommended final dividend of 1.25p lifts the total from 10.3p to 12.25p.

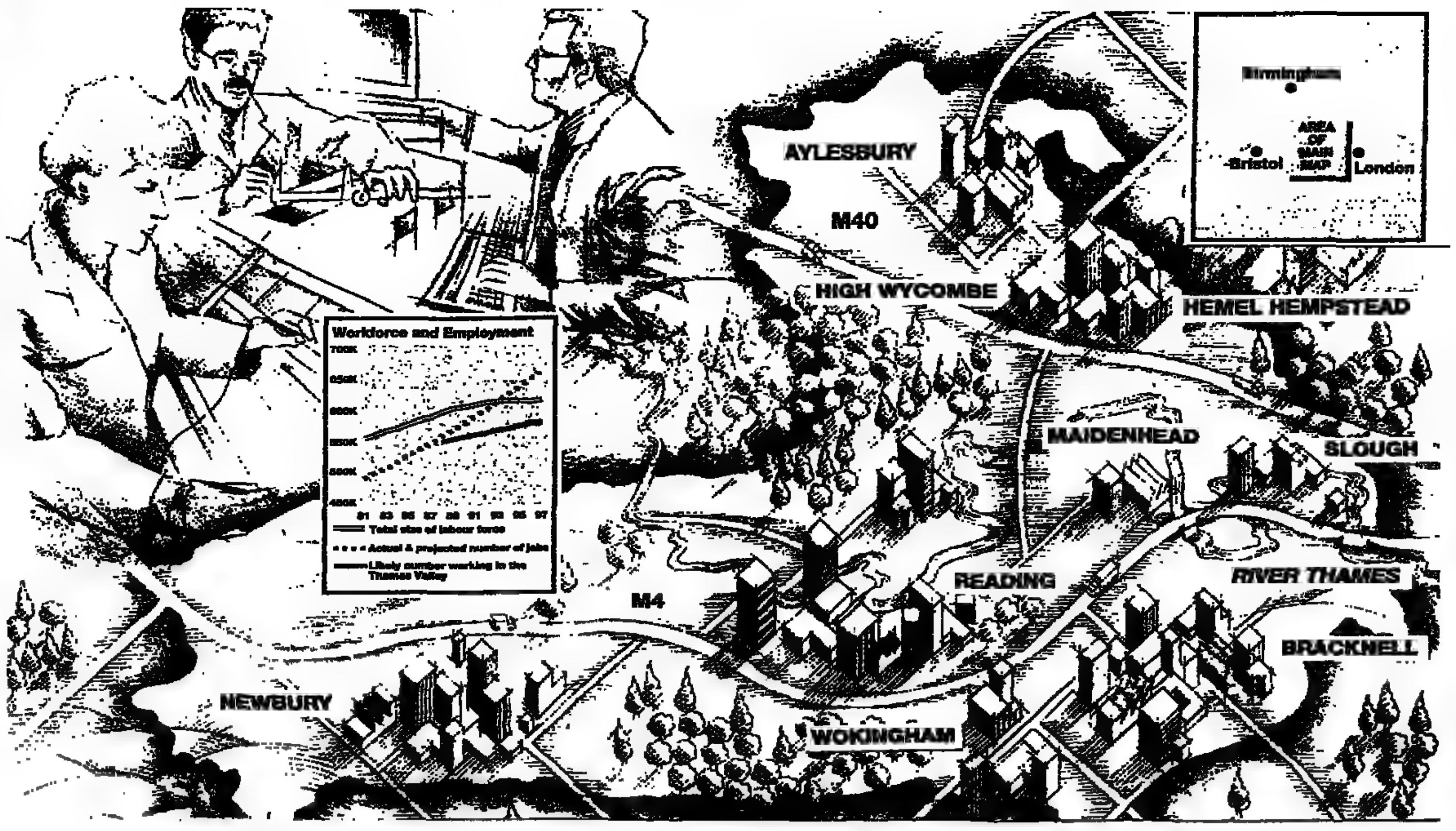
Scottish American assets at 138p

The Scottish American Investment Company announced a net asset value of 138p per share at December 31 1989 – up from 112p at the end of the previous year.

After-tax profits expanded from £6.29m to £8.08m and earnings per share increased to 3.61p (2.81p). A proposed final dividend of 0.9p brings the total for the year to 3.3p (2.57p).

FINANCIAL TIMES
SURVEY

Heathrow Airport and good communication links have ensured the Thames Valley's success as Britain's own "Silicon Valley" for high technology industries. But the vibrant and bustling region also has its problems, as Stewart Dalby explains here.



High tech artery

Growth industries in the THAMES VALLEY

WHEN, in 1962, Edward Kennedy, the youngest of America's Kennedy brothers, fought the Massachusetts Senate seat that had been held by his elder brother Jack, it was said that three factors had ensured his victory.

The first was his father's money, *the second was his* father's money, and the third was his father's money.

One could say, in similar vein, that there are three reasons why the Thames Valley has become the hub of multinational high technology industries, Britain's own so-called "Silicon Valley."

The first is Heathrow Airport, the second is Heathrow Airport and the third is Heathrow Airport.

For the newer bio-technology companies which have also set up in the Thames Valley, the attractions of Heathrow are important, but not so overriding. It is not quite as straighforward as that, of course. But most of the now long-established electronics companies would cite the proximity of Heathrow as the single most important determinant of their location decisions.

The electronics companies found the Thames Valley suitable because – in the first instance – many, if not most, were and remain subsidiaries of US concerns. Heathrow is the airport which chief executives (who make location decisions) and other lesser mortals use as a gateway into Britain. It is now possible to fly into Manchester and Prestwick in Scotland from the US, but neither of these compare with Heathrow for convenience.

This ties in with the second reason for the popularity of the Thames Valley: the closeness of Heathrow to London. Not only did senior executives prefer *to stay in London rather* than Manchester or Glasgow, but also the customer-bases of the electronics concerns were also initially in the capital. Once the M4 was operating past Heathrow in the mid-1960s, the Thames Valley became the ideal venue to service these customers.

This was particularly true for software manufacturers who dealt with banks, government departments and other service industries.

A third consideration was that electronics manufacturers tend to be low volume, high value producers. They do not export in bulk, therefore easy access to a seaport is not a high priority, but an airport is important for them. Many of the concerns established in Britain were set up to service the UK market and thus exported very little, but they did import components and other materials. The bio-technology companies export a large proportion of their high-value products by airfreight. Again, Heathrow Airport provided the most suitable gateway.

Trying to define an area like the Thames Valley is like drawing a line around an oil spill: the area never stops mov*ing and it is difficult to pin*point relative densities. The Thames Valley Training and Enterprise Council, which has launched a Thames Valley Enterprise "Draft Corporate Plan," identifies an area of 1,260 sq. miles which includes Berkshire, Buckinghamshire (excluding an area around Mil*ton Keynes) together* with the travel-to-work areas in South Oxfordshire around Henley and Aylesbury.

The area embraces 34,000 companies, 80 per cent of which employ fewer than 25 staff, and many of which have a strong technology bias.

The Training and Enterprise Council says the population is around 1.2m, but is expected to grow to 1.4m by the end of this century. There is currently a workforce of some 650,000 – slightly more than half the population.

Defining what is meant by a high technology company is equally difficult. A survey undertaken by the Berkshire County Council in 1987 on the employment distribution in the county opted to define high-tech industry as "those firms involved with the development, manufacture, distribution and servicing of advanced technology products" – which *is rather like Groucho Marx* saying that "in this contract, the party of the first part shall be known as the party of the first part."

However, by the end of the 1970s, familiar names such as Digital, Honeywell, Unisys, Hewlett Packard, Racal, Ferranti, ICL and Computer Asso*ciates with facilities in the* area, read like a roll-call of the high-tech electronics industry. They all had head offices, design, research and development and manufacturing – sometimes all four – in Thames towns like Bracknell, Reading, Marlow, Slough, Windsor, with a concentration on the Slough-Reading Bracknell nexus around the M4. A few names - such as Plessey and Intel - established themselves outside the area, but these were in a minority.

The area did not become exclusively high technology. Long-established food companies such as Mars – and the companies which fed into them – remained in the area.

The overall trend, however, has been for the older manufacturing concerns to move out, often further west, along the M4 towards Wales, where labour is cheaper. Their factories were taken over and *upgraded by high technology* concerns or service companies.

The Thames Valley has seen fewer service concerns moving in than somewhere like Bristol, however. Berkshire County Council's survey estimated that 43 per cent of the workforce in the county was employed in manufacturing (56 *per cent in Slough.) Around* one-in-five of all jobs were accounted for by the high technology industries compared with one-in-seven recorded in a similar survey undertaken in 1984.

Many of the high technology companies have flourished. The Digital Equipment Company (DEC), which has been in the region since 1964, now employs 6,000 countrywide, excluding manufacturing, with about 3,000 – or half the total – in the Thames Valley. Turnover in the UK reached $850m in 1989, having grown by around 30 per cent a year in *the 1980s. Digital reckons to be* the second largest producer in the world after IBM of what it calls networked systems.

While the region's good communications have been the prime reason for setting up in the Thames Valley, there are inevitably other factors. Executives, engineers and scientists *alike enjoy the quality of life* achievable in the pretty towns and villages along the Thames. Also, it is often overlooked that in Slough there has been a very large industrial estate since the 1920s.

Bracknell was one of the second generation new towns started after the Second World War. Today, a number of avionics companies are to be found in and around the town.

This has meant with upgrading, high technology industries could find the kind of properties they needed in the Thames Valley There was also a tradition of engineering skills.

Many companies were swayed to locate in the area by the knowledge that kindred companies were already in place there.

Electronics concerns, in particular, need to be part of an industrial culture. They want components and servicing companies around them – the *so-called fleas on the dog's* back. But, above all, they need a pool of skilled labour to draw on for their specialised operations.

There is a widespread perception that the Thames Valley is no longer a dynamically growing region – that, because of higher costs in terms of congestion and steeper rents due to shortage of land, the area has suddenly gone "ex-growth."

Electronics have been perceived as the dominant industry in the region in the last decade, and here there certainly has been a "topping-out" or a "maturing," as they like to say in the industry.

As with TV sets or motor vehicles, sections of the computer market are today saturated to the point where users *have met basic needs, and* fresh sales are "just a question of putting on the bells and whistles," as one managing director says.

Although there could still be growth in the personal computer markets, this means that the big hardware companies will increasingly rationalise what they make for mass production. In turn, the software companies will invariably standardise what they make for this rationalised market.

According to Mr Abram Azagury, managing director of Computer Associates,a leading software company this will mean that the big companies will no longer see the growth in volume of 40 per cent a year – which was typical of a decade ago. Instead, they will grow at a more gentle pace of between 10 and 12 per cent a year.

Profits may not grow at this rate, if costs continue to rise. Apart from the rising costs of land – prime B1 type properties now fetch £27 per sq ft, and even industrial properties can cost £12 a sq ft (double what they fetch in Bristol) - an inadequate road and communications infrastructure is adding to congestion costs. Rapidly rising property prices mean that key personnel, such as scientists, will not or cannot move to the area.

But more than anything else it is the lack of skilled labour, rather than the cost of it, which is worrying employers.

The question of skills shortages is dealt with in detail on *page three of this survey.* Unemployment in Berkshire is put at 1.9 per cent, while rates of between 2 and 3 per cent are now generally regarded as "full employment." The main towns such as Reading and Slough have unemployment rates of below 3 per cent.

Sliding from the general *employment picture to the spe*cific companies, Mr Azagury's worry is that his own company may not be able to manage this level of growth if it cannot solve its labour problems – "our costs have tripled in the past five years partly because we are having to pay more for the right people," he says.

The non-availability of the labour required "is now a real constraint on our growth," he adds.

This does not mean that companies are about to evacuate the area. Skills' shortages exist nationwide.

HIGH TECHNOLOGY INDUSTRIES

A leading employer

HIGH TECHNOLOGY is approaching the high water mark in the Thames Valley. There is still plenty of growth left in the electronics-based industries which have established themselves there, but the area itself has reached saturation. Perceptions of the value of a presence in the region today depend to a large extent on the length of time a company has been established there.

International Computers (ICL), for example, part of the STC group and the UK's principal indigenous supplier of information technology, was one of the the first high technology companies to set down roots in Britain's "Silicon Valley." Some of its facilities in Bracknell, Berkshire, are over 20 years old.

Now it may be the largest employer in the area with some 3,500 staff in premises in Bracknell, Basingstoke, Maidenhead, Reading, Slough, Windsor and Winnersh.

Sun Microsystems, regarded by many as today's most exciting and controversial computer manufacturer, is by contrast a complete newcomer. It started in a small way in Ascot in 1984 and grew dramatically. Today, it occupies some 200,000 square feet across the country. European headquarters are at Bagshot, Surrey, while UK headquarters are a pair of smart, modern offices a few miles away in Camberley.

Tektronix, one of the world's leading manufacturers of electronic test and measurement

Hewlett-Packard's new high technology marketing centre is based at Bracknell, Berkshire

equipment, has been one of the Thames Valley's complement of high technology companies for 10 years. It now occupies an imposing, purpose-built set of offices next to Rank Xerox and Volvo on the Marlow, Buckinghamshire, Globe Park industrial estate.

These three companies are very different in style, maturity and corporate culture. While only a tiny sample of the 2,000 or more high technology companies in the area, they serve to illustrate the principal advantages and disadvantages of the region for the computing and electronics sector.

The bonus points are easily listed; proximity to two international airports, good road and rail links (even if company executives turn their eyes skywards each time the M25 is mentioned), within reach of almost every major customer, pleasant surroundings and good schools.

The downside is also very apparent; building land that is becoming priced out of the reach of small companies, house prices which are inhibiting the movement of skilled staff into the area, virtually zero unemployment which means that cleaners can be as hard to find as systems engineers; in short, an overriding impression that the quality of life in the Thames Valley is under attack, that the infrastructure of the region is beginning to crumble under the strain.

How this is affecting individual companies depends on their age and their aspirations.

ICL, for example, in Bracknell has changed out of all recognition over the past decade, as the computer industry has itself changed direction. The computer hall in its largest Bracknell site used to be filled with the mainframe systems needed to develop its flagship operating system VME.

ICL, however, while still the UK's only indigenous mainframe manufacturer, sees its future in systems integration, putting together combinations of hardware and software to provide its customers with effective information systems.

The change has meant a move from development – many of today's computer products are commodity items, available off the shelf – to integration and testing. The Bracknell computer hall has become the company's principal validation and integration centre (VIC) where systems are assembled and tested before despatch to customers. Modern systems are so sophisticated it is difficult to predict how they will behave without exhaustive testing – "old fashioned machine halls can turn out to be quite useful," observes Mr Andrew Roberts, director of ICL's office systems division.

ICL's length of time in the region gives it special advantages in recruitment. It is, in any case, like most established computer companies, seeking a steady state rather than expansion in staff numbers.

It has a strong relationship with universities and polytechnics has in place well-developed schemes to attract school leavers and retain ambitious managers. The average age is 37; an attrition rate at seven per cent is one of the lowest in the region.

And even if the old proverb about doctor's children hardly applies to the computer industry, Mr Roberts says shrewdly – "a lot of the people I would like to employ are the children of people I already employ".

Sun Microsystems, in contrast, has little history in the region but a awesome reputation as the fastest growing computer company and world leader in workstations, high powered personal computers for scientists, engineers and, increasingly, business executives. Established in 1982, last year its sales totalled £2.4bn.

Mr Bill Passmore, vice president for the UK and Nordic sales areas, says the UK company has, if anything grown, faster than the corporation overall.

The company's glamorous reputation gives it special advantages – "we can over-hire," Mr Passmore says. "We can take on sales managers from other companies as sales men or women, because they know they will quickly be promoted if they are successful".

Mr Passmore worries, however, that quality of life in the Thames Valley is deteriorating. The company has placed in first UK manufacturing plant in Linlithgow, Scotland, and its European software and hardware development centre in Paris. Sun would like to build a 20 acre campus in the Camberley area but is put off by prices of up to £1.5m an acre and the difficulty of finding a large enough site.

Mr Passmore's worries echoed by Mr Peter Tong, director of finance for Tektronix. The company manufactures a broad range of electronic equipment including signal analysers and oscilloscopes. It is going through a tough period in common with many of its competitors. In 1989 it turned a small loss worldwide the previous year into a small profit. Its Globe Park offices are dedicated to sales and distribution and it is and it is not planning to expand in Marlow. Recruiting and retaining staff in an area of effectively zero unemployment remains a problem.

"A typical *curriculum vitae* for potential employees shows that they are in their mid-20s and have had six previous jobs, each lasting about a year," Mr Tong says. It is not money that is the primary inducement but boredom, he suggests.

Alan Cane

COMPUTER SOFTWARE AND SERVICES

Recruitment challenge

THE JOB of the software specialist has changed significantly in the two decades since International Computers (ICL) moved into the Thames Valley.

Pencils and coding sheets have given way first, to on-line terminals and now to personal computers. The decline in the cost of computer memory has spelled the end of many of the old constraints on the size and complexity of computer programs.

Advances in data communications means that programmers can be physically located in remote spots, remaining in close contact with headquarters via telecommunications networks. (In an extreme example, Texas Instruments sends specifications to its Indian programming centre and receives completed programs, in return, over a satellite link.)

Are there, then, compelling reasons why so many software companies to have established themselves in the Thames Valley rather than, say, the centre of London or a Welsh or Scottish hillside?

The list includes US-based Computer Associates, the world's largest independent software house, Management Science America (MSA), now part of the Dun & Bradstreet group and SD-Scicon, the result of a merger of two of the UK's larger computing services companies.

There are the conventional arguments about the quality of communications and proximity to Heathrow (especially important for US-based companies many of whom seem to regard anywhere within 40 miles of "the centre of London" as the City), but while software specialists can work anywhere, they do seem to prefer an atmosphere of intellectual ferment.

The SAS Institute, for example, a US-based software house which runs itself more like a college than a company, set up in the UK five years ago in Wittington House, a grand country house near Marlow, Buckinghamshire, complete with spacious grounds

At £2.2m, plus a further £500,000 in renovation costs, it was expensive; but according to Mr Philip Bond, SAS UK managing director, it was essential to provide the company's software experts with the right working environment.

SAS specialises in analytical and graphics software; its systems go far beyond the simple representation of data on a computer screen in graphical form.

Each chart or graph is underpinned by layers of sophisticated software which make it possible to extract information from the raw data in a diversity of ways.

Prospective customers for such complex software need demonstrations; users need training. Mr Bond is anxious to create a training centre in the Wittington estate but has run up against opposition from the local council. The area has been designated as of outstanding natural beauty and therefore closed to further building for commercial use.

So Mr Bond's plans to build in the walled garden of the estate are in limbo; there would have been no problem if the company had established itself a few miles away on Marlow's Globe Park industrial estate, but Mr Bond has few regrets about the Wittington acquisition – "it has done nothing but good for us".

A section of the computer hall at International Computers, Bracknell. ICL was one of the first computer companies to set down roots in Britain's "Silicon Valley."

Software specialists are a scarce commodity nationally and internationally.

The high cost of housing in the Thames valley area is a continual source of concern to companies anxious to recruit or relocate staff from outside the region.

ICL, which is now more of a systems house than a conventional computer manufacturer and therefore employs software specialists with a broad range of skills, has a simple scheme for helping staff relocate to the South East.

If they move to exactly equivalent accommodation, they receive assistance in paying the difference in mortgage costs for the first five years after the move – 100 per cent in the first year declining by 20 per cent a year thereafter.

If, of course, they trade up as a result of the move, they are responsible for looking after the extra expense themselves.

Patterns of employment of hardware and software specialists in ICL have changed drastically even if the number of people employed has altered little. In its early days, it was a centre for mainframe systems software, the complex programs used to control the inner operations of ICL's largest computers.

During those the company had to find analysts and programmers in their thousands. The team working on ICL's flagship operating system VME/B (now simply VME) might have been 1000 strong.

Today, according to Mr Andrew Roberts, director of office systems division, no more than 80 people might be employed on a big software project, such is the impact of modern programming techniques.

The company no longer develops basic systems software such as compliers – which translate the computer languages used by human programmers into a form computers can understand.

"Today we focus our efforts on the higher added-value points," Mr Roberts says.

That means that many of ICL's software specialists are working on Unix, the operating system which seems likely to become the common industry standard for small and medium-sized computer systems.

But not all companies are looking for technicians. Management Science America (MSA) once the world's leading supplier of packaged software but now a part of Dun & Bradstreet, has been in the Thames Valley since 1978.

According to Mr Ed Holt, UK managing director, the main attractions are the pool of talent available in the area and the motorway links out to the west – "people can live that further out," he says.

Packaged software is a low cost way of obtaining high quality programs for applications such as accountancy, personnel and so on. The package is prewritten to a standard format.

Maximum economies are obtained when the package is installed with a minimum of changes. MSA's Maidenhead offices are chiefly sales and technical support, together with a little software development. The demand is therefore for executives experienced in the computer business, rather than programmers.

Mr Holt says that although there is an abundance of talent in the area, recruiting and retaining suitable staff is a major difficulty.

He is taking initiatives such as establishing links with local polytechnics and management schools to ameliorate the problem, but he says it remains the biggest single constraint on growth.

Alan Cane

PHARMACEUTICAL INDUSTRY

Big players' venue

THE THAMES Valley is the heart of Britain's pharmaceutical industry. The 15 corporate members of the London and Thames Valley Pharmaceutical Group represent the largest regional grouping of drug companies in the UK.

Large international pharmaceutical companies are particularly well represented in the Thames Valley. The region is responsible for 37 per cent of the overall turnover of the UK pharmaceutical industry, as well as 56 per cent of its exports and 48 per cent of research and development.

"None of our companies has moved into the area in the recent years. We've all been here for some time," says Mr Brian Evans, deputy managing director of Roussel Laboratories and chairman of the London and Thames Valley Pharmaceutical Group. The tendency has been for established companies to grow within the region rather than move away to other parts of the country.

Several of the larger companies operate from more than one site in the Thames Valley. Administrative headquarters tend to be close to London – often in the Western suburbs – while research and manufacturing are further out. By their nature, pharmaceutical factories tend to be quiet and clean – just the sort of manufacturing that is welcome on a high tech Thames Valley development.

Roussel, a subsidiary of the French Rousel Uclaf group ultimately owned by Hoechst of West Germany, is itself a good example of the pattern. The company moved its headquarters in 1984 from Wembley Park to Denham in Buckinghamshire; "the congestion in Wembley Park became intolerable," says Mr Evans.

Indeed, Roussel has withdrawn from all its previous sites in London, apart from a warehousing and distribution facility at Park Royal.

Roussel's manufacturing and R&D activities have been brought together in Swindon, where the company operates one of Europe's most advanced sterile factories. According to the group's European Manufacturing Strategy, Swindon will become the international centre for all sterile manufacture after 1992. The next big move by a pharmaceutical company within the region will be Glaxo's relocation of the headquarters of its UK operations and various group subsidiaries from Greenford, just off the A40 on the western fringe of London, to Stockley Park, seven miles south-west near Heathrow Airport.

Stockley is becoming one of Britain's most prestigious business parks and Glaxo will be joining some famous names in the computer and electronics fields, including Fujitsu and Toshiba of Japan and Control Data, Tandem and Apple of the US, which are already established there.

The concentration of research laboratories reflects the attractions of the area

Glaxo, the largest British drug company, is leasing three buildings, with a total area of 320,000 sq ft, to provide office space for 1,100 staff. The buildings, designed by Skidmore, Owings and Merril, are now under construction, with fitting out by Bovis due to start in April. The company's sales and marketing divisions and other central support services will begin the move from Greenford to Stockley Park in November.

But Glaxo is not giving up any office space in Greenford. Buildings vacated by the move to Stockley will be occupied by other parts of the expanding Glaxo group.

According to Mr W.I. Glynn-Williams, deputy managing director of Glaxo UK, the two main reasons for relocating to Stockley Park were close proximity to the company's other sites in the London area and "excellent communications."

International drug companies are strongly represented

Other pharmaceutical company executives agree that good road, rail and air communications are a prime attraction of the Thames Valley. Proximity to Heathrow is an obvious advantage and, although the M25 has become notorious as a circular car park, traffic still flows well on the roads further west.

The chief disadvantages of the region relate to its high costs. Business land and buildings are more expensive than in other parts of the country, outside London itself, and the costs of staff housing are sometimes prohibitive.

"We have had three cases over the last four years where we wanted to bring people from our field force to head office for jobs to which they were particularly well suited," says Mr Evans. "But they couldn't afford to come, even though we offered them generous financial assistance."

Other pharmaceutical companies in the region include: Abbott Laboratories in Maidenhead; Amersham International in Little Chalfont, Buckinghamshire; Bayer UK in Newbury; Beecham Pharmaceuticals in Brentford; Boehringer Ingelheim in Bracknell; Bristol-Myers in Ickenham, Middlesex; Cilag in High Wycombe; Hoechst UK in Hounslow; Lipha Pharmaceuticals in Yiewsley, Middlesex; Merrel Dow in Staines; Nicholas Laboratories in Slough; Sandoz Pharmaceuticals in Camberley; G D Searle in High Wycombe; E R Squibb in Hounslow; and Syntex Pharmaceuticals in Maidenhead.

The Thames Valley is also the home of Celltech, the longest established UK biotechnology company. Celltech's official objective is "to be one of the UK's leading pharmaceutical companies serving all major international markets by the year 2000," though it may well be swallowed up by an existing pharmaceutical company before it can achieve this goal. (British and Commonwealth Holdings is currently seeking a buyer for its 36.4 per cent stake in Celltech – and this could result in a bid for the whole company.)

Behind the façade of a string of 1930s light industrial premises along the Bath Road in Slough, Celltech scientists have developed innovative techniques for producing a new generation of drugs from genetically engineered micro-organisms and mammalian cells.

Clive Cookson
Technology Editor

Electronics sector faces staff pressures, says **Stewart Dalby**

Skilled labour shortage

IF PHYSICAL congestion on the roads has significantly added to the costs facing companies in the Thames Valley, so, too, has the acute shortage of labour in the region.

Statistics from Berkshire County Council show that unemployment in the Thames Valley heartland was down to 1.9 per cent towards the end of last year, compared with 3.8 per cent for the south-east and 6 per cent for Britain as a whole.

Only West Sussex, with an unemployment rate of 1.5 per cent, was thought to have a lower jobless total last year.

Generally, an unemployment rate of 2 to 3 per cent is now taken as a indicator of "full employment" – the remainder being attributed to "frictional unemployment," resulting from people moving between jobs, rather than being genuinely unemployed; and from a small minority who may be almost unemployable.

The unemployment statistics in themselves do not give an accurate picture of skills shortages, nor do employment centre vacancies. Job centres tend to concentrate on manual and lower skilled work, while specialist-skill jobs may be withdrawn.

A study called "Skills in Short Supply," undertaken by the Berkshire County Council's planning department used a poll by Serplan to produce an index of labour market pressure, based on measures of vacancies, unemployment, employment change, activity rates, earnings and house prices.

These rankings correspond quite closely to the list of unemployment rates. On this index, Berkshire measured 3.3 per cent, second only to Surrey.

Places such as East Sussex and Essex measured 7.7 per cent and 8.7 per cent, respectively.

Using other data, the survey estimated that the seven top skilled-shortage occupations accounted for 86 per cent of all vacancies. They were: making and repairing: metal, electrical work (21 per cent); clerical occupations (14 per cent); scientific, engineering, and technology, (12 per cent); selling, (11 per cent); cleaning, catering and hairdressing, (10 per cent); supporting management, (10 per cent).

This indicates a general shortage of labour in Berkshire at many levels, and within this tight labour market there is an emphasis on skill shortages. Berkshire thus contrasts greatly with areas in the north of England, for example, where there is a high level of unemployment among male manual workers.

In Liverpool, for example, there was an overall unemployment rate last year of 15 per cent, but 25 per cent among manual workers and only 5 per cent in the service industries.

The Thames Valley Enterprise Council, which covers an area including not just Berkshire but also Buckinghamshire, excluding Milton Keynes and parts of Oxfordshire, produced in its draft corporate plan, figures which suggest that as many as 150,000 people commute out of the region each day. These workers are mainly drawn to London, because of the higher wages, but this number will probably fall.

Students at Thames Valley College, Slough, applying practical information technology skills as part of their course.

The Enterprise Council estimates this area has a population of 1.2m which will rise to 1.4m by the mid-1990s. It also calculates that by 1995 there will be around 650,000 jobs, that the actual workforce will be over 600,000 and the workforce in the Thames Valley will be 550,000.

This assumes therefore an immigration to work of 50,000 and an gross exodus of 100,000, leaving a shortfall of 50,000 jobs. The skill shortage problem looks as if, on these figures, it will get worse before it gets better, unless there is a severe and prolonged economic recession. What it already means is that there is a great deal of staff-poaching going on among companies, particularly in the electronics and high technology sectors.

There is considerable staff turnover, with some companies reporting 20 to 25 per cent changes of skilled employees a year. This all exerts pressure on wages and retraining escalates costs.

A survey of manufacturing companies, undertaken by the Thames-Chiltern Chamber of Commerce, showed that 75 per cent of the companies contacted were experiencing skilled staff shortages. Forty per cent of the respondents have considered moving out of the south-east to other parts of the UK.

What can be done to ease the problem? Borough councils such as Reading and Slough have been active in seeking solutions - for example, in providing creches in their offices so that mothers can return to work. They have encouraged local companies to do likewise.

Reading Council has been particularly worried about skills shortages and has introduced all kinds of training programmes, involving not only married women, but the disabled and the disadvantaged minorities.

The Thames Valley Enterprise Council has various action programmes, both for training the workforce and expanding its size.

Plans include the setting up of a training helpline and counselling service. The council also wants to launch an all-age training programme, plus traineeships for young people.

In terms of expanding the workforce, the TVC wants first of all to persuade some the commuters out to stay closer to home.

It accepts that this will be difficult because of the wage differentials, but it intends to set up a programme to persuade companies to market local jobs to commuters.

It also has plans to set up career planning for younger women and to establish an advisory service to counsel about work. The TVC wants to retrain the long-term unemployed, although there are fewer of these than elsewhere.

All these iniatives will help to ease the problem, but many companies – particularly in the electronics sector – suggests that although the regional staff issue may be more acute than elsewhere, skill shortages are really a national problem. The situation can only be solved in the long-term by adequate investment in training.

Share challenge

THE TOP ten companies in the latest Coopers Deloitte/Nat West Thames Valley Share Challenge, (August 31 to December 31, 1989) were as follows, showing the closing prices in pence, and the cumulative percentage increases in brackets:

1. Micro Focus Group, Newbury: 446 (24.93).
2. Hartwell, Cumnor, Oxford, 118 (22.92).
3. Maxwell Communications, Oxford, 227 (20.74).
4. Unitech, Reading: 392 (11.36).
5. S D-Scicon, Fleet: 70 (11.11).
6. The Berkeley Group, Guildford: 191 (8.52).
7. Admiral Computing Group, Camberley, 205 (7.33).
8. BOC Group, Windlesham, Surrey, 559 (6.20).
9. BPB Industries, Slough: 257 (607).
10. KCA Drilling Group, Bracknell: 21 (5.00).

The bi-monthly Share Challenge aims to provide a barometer in the business economy of the Thames Valley by monitoring the share price movements of 86 publicly-listed companies in the region.

An expanding range of regional advisory services

Specialists bridge the gap

THE GROWTH in high technology industries in the Thames Valley has spawned a growing number of consultants specialising in information technology, as well as broader business management.

Despite ten years of high investment in information technology and the rapid spread of personal computers, there still exists within many organisations – not merely in the Thames Valley – a lack of knowledge about how information technolgy (IT), can effectively work for their individual businesses.

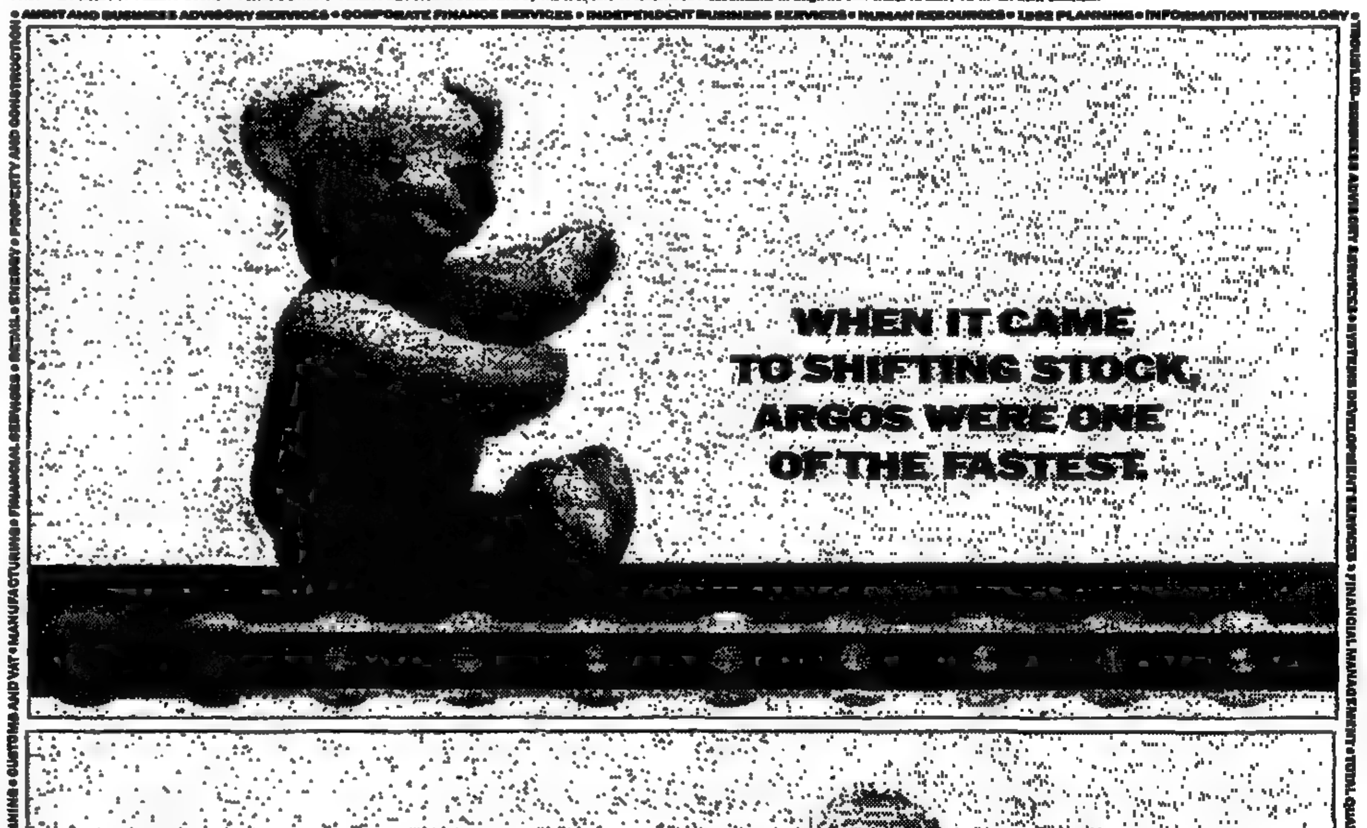
Datasolve, part of Thorn EMI Software, is one of many information systems management consultancies, based in the region, seeking to bridge that gap in knowledge.

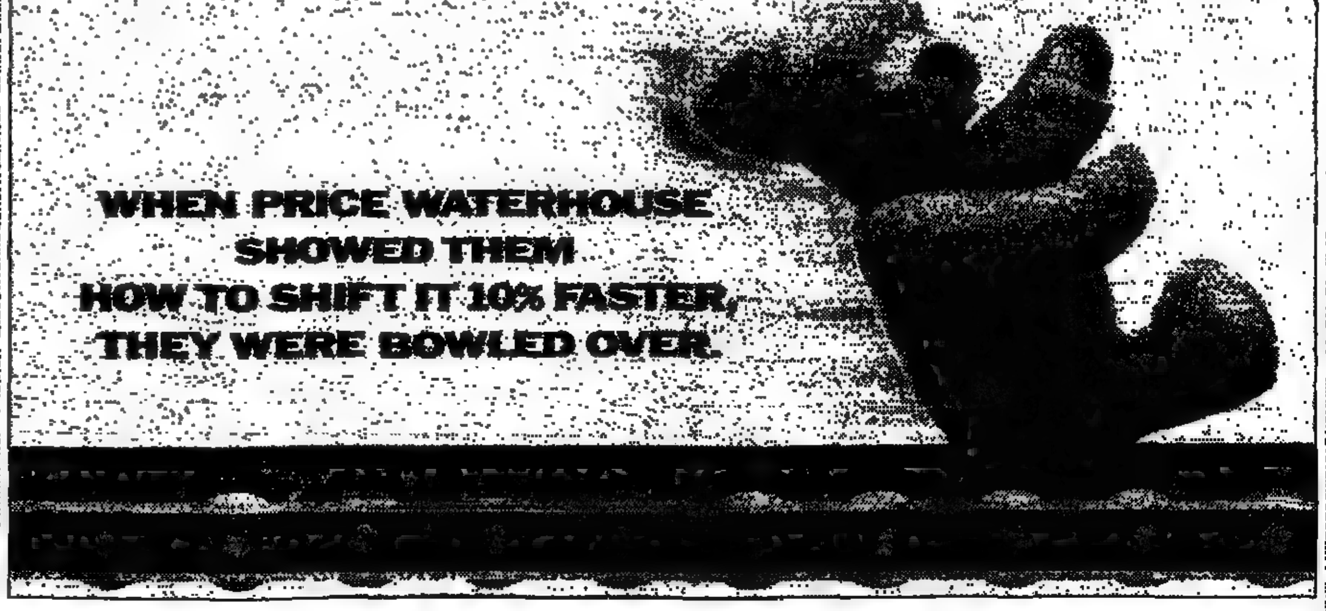
A survey of 100 leading UK companies from the manufacturing, retail and financial services sectors, carried out for Datasolve found that:

- Most IT investment is still not formally evaluated in terms of its return or benefits.
- Millions of pounds of IT investment is being wasted, because senior management are not taking control of IT investment decisions.
- Senior management are not involving their data processing professionals in long term business planning.
- Three quarters of IT spending is tied up in administrative IT, but little new investment is planned for competitive edge IT. Datasolve offer a facilities management service, whereby they manage the entire computer resource staff and machines of a client company, enabling the client to get on with running the rest of the business.

Mr John Swift, is associate director responsible for man-

Continued on page 4





Moves to ease regional traffic congestion

Success has brought problems

THE THAMES Valley has been highly successful in attracting new industries in the past decade, while keeping some of the old ones.

Because the massive inflow of private funds has not been matched by public sector and other investment in the infrastructure – both physical and human – this business success has had its costs, however.

Reading, for example, in early 1988 claimed that it was *the fastest-growing town in* southern Britain. It was also arguably the most badly congested, with journeys of five miles through the city centre at certain times of the day taking an hour at least.

Given that some of the Thames Valley is made up of pretty villages and small towns, plus unspoilt rural areas, there is renewed emphasis, in this conservationist age, on preserving the countryside. This adds to the pressures on land, both for industrial use and for residential property. This is already in tight supply.

These various cost factors, high property prices, rising wage levels and transport congestion tend to feed off one another to push up costs for the local businesses.

With around a third of the workforce in the Thames Valley commuting from outside the area, congestion has become bad. (The Thames Valley *in this context is the defini*tion used by the Thames Valley Training and Enterprise Council. It covers an area of 1,260 sq. miles, including Berkshire, Buckinghamshire – except for an area around Milton Keynes – together with the travel-to-work area in south Oxfordshire, around Henly and Aylesbury.)

Digital Equipment Company, the large electronics concern which is based in Reading and elsewhere in the area, has made a study which estimates that with its 3,000 employees, *the cost of congestion* is £10m a year – and rising.

Mr Graham Roberts the real *estate manager of Digital*, says that if he travels to one of the company's Reading offices, it takes him *at least 40* minutes from his home, which is only eight miles away.

Berkshire has the highest car-ownership level in Britain

Ostensibly, congestion should be the easiest of the three cost problems – land, labour and traffic – to resolve. *Congestion* can be alleviated in the short-term in the way that finding new labour cannot – simply by spending money. Yet regional cash resources are strictly limited.

There are plans, for example, to expand both the M4 and the M25. This is the responsibility of the central government. But the motorways are only part of the conundrum. The building *of secondary or "A" roads*, bypasses, bridges and inner city relief roads usually falls to county councils. There are three county councils in the Thames Valley area. The situations in the towns, car parking, traffic flow and the like, are usually under the remit of the district councils. There are six of these in Berkshire alone. The councils are often of different political complexions and do not always agree on the nature of problems. They usually do not have co-ordinated plans for transport.

What they *all share* in common is a shortage of funds. The central government has increasingly cut back on funds for local government authorities, partly because it hopes rather than expects the private sector to invest in transport. To some extent in the Thames Valley, the private concerns have done this.

But, by and large, transport is not an area where compa*nies are usually interested in* investing, unless they are obliged to do so by a planning *authority in order* to win something in return – often a new site. All this has left a less-than-satisfactory situation as far as solving the traffic problems around the main towns is concerned.

Berkshire County Council which oversees the major built-up areas of the Thames Valley has a capital roads and transport programme in its structure programme amounting to £22m for 1990/91 and £125m for the five years up to 1995.

*The Department of Trans*port, in theory will be funding some of the schemes, but to understand the way the entire programme can become delayed it is only necessary to look at the county council's recent experience.

The council submits its Transport Policy and Programme (TPP) to the Department of Transport (DTp) in July. Around December, the Government decides how much money will go to Berkshire in the form of a cash grant – the Transport Supplementary *Grant (TSG) and also what lim*its it will set on the amount the council can borrow to help finance its transport schemes.

In December 1989, the DTp announced the level of expenditure accepted for TSG for 1989/90 was £4.39m. This was well under half the county's reasonable expectations. Thus, important road schemes had to be deferred.

Berkshire has been successful in achieving substantial developer funding. In 1989-90, it amassed £15m. This was usually achieved by convincing companies about so-called "development gains." Planning permission will often be given providing a developer contributes towards an access road or a roundabout. The local authorities argue that in their straitened circumstances they have little choice but to lean on developers.

Stewart Dalby

PROPERTY

Industrial land in short supply

WHILE MOST industrialists in the Thames Valley would probably cite skills' shortages as their single greatest problem, a fair number also say they are *frustrated by the lack of indus*trial accommodation.

A survey by Thames-Chiltern Chamber of Commerce reveals that 75 per cent of respondents are experiencing skill shortages, and 40 per cent of respondents have considered moving to other parts of the south-east. Around 27 per cent of the companies contacted say the lack of industrial accomodation had thwarted their *plans for expansion*.

Mr Gerry Wyld, the chief planning officer for the Slough District Council, says that "with no real potential for the development of new land, the process of regeneration of established commercial areas to meet the needs of firms in the 1990s, will continue."

Slough *is* typical of most of the towns in the Thames Valley, and this process of regeneration has been happening for a long time. Industries of one kind or another has been located there *since* the 1920s. Usually, these have been the old so-called metal-bashing industries or engineering concerns. As older companies have moved out or gone into decline, they have been replaced by newer industries. Their former properties have been upgraded to meet the needs of replacement industries.

Slough Estates the publicly-*quoted* company *which con*trols the vast Slough Trading Estate, which with roughly 1,500 tenants still reckons to be the largest private industrial estate in Western Europe, is constantly upgrading its factories and sites to meet the requirements of electronics and bio-technology companies.

With the improvements, of course, go increases in rent.

Industrial expansion is limited by lack of accommodation

Developers are inclined to build B1 sites where possible, rather than old style industrial factories, or "sheds" as they are known. B1 usually means office accomodation or light industrial. Most electronics concerns *would* opt for or need a B1 site.

Not all the old industries *have left: some engineering* concerns and food manufacturers remain in Slough and Reading, but there has been a gradual takeover of factories by high technology companies. Generally, they do not want their capital tied up in property so they rent, rather than buy.

In Slough there has been quite a turnover of properties, *but little net exodus*. Mr Roger Carey, the development director at Slough Estates says that until now there has been little trouble in renting properties. Prices have been driven up.

For the first time in a long while there is probably a slowdown in renting places, he adds. This is because so much B1 accomodation has come on to the market there is probably a temporary surplus. But this *probably is just a blip, rather* than the start of a decline.

A prime office or B1 site next to the railway *station* is on offer at £27 per sq foot. This is thought to be the top of the market for the moment. Even the older industrial properties, – the "sheds" – where they can be found, cost around £12 per sq ft, which is double the price in, say, Bristol.

The situation is not dissimi*lar in Reading. The town used* to be known as the manufacturer of the three "Bs" beer, *biscuits and bulbs (as in flow*ers). Now the old Sutton Seeds land on the periphery has been turned into an industrial estate.

One of first companies to establish itself there from a factory near Heathrow airport was Rockwell Collins, an avionics concern. Mr Peter Humphrey, the managing director, is critical of the Government's habit of telling industry to keep a tight rein on costs, when it has done nothing to control the soaring price of land, and little to increase the supply of industrial land.

As it so happens, Rockwell *Collins does not pay an exhor*bitant rent, because it was the first company to set in up the *Sutton Estate*, and the landlords wanted a prestige tenant to get things going. But Mr Humphrey says the original lease – not agreed by him – was for 15 years, without a break clause, and the increases have been steep, albeit from a comparatively low base.

The high rents that companies have been obliged to pay, of course, have a further knock-on effect in the form of the unified business rate which is about to come into force. The UBR is based in rateable values which in turn are based on rental values. These rateable values have not changed for most companies since 1973 and the new rate will be as at April 1988. Given the exponential rise in rents, most companies face frightening increases.

Stewart Dalby

Growing range of specialists

Continued from page 3

agement consultancy at Hoskyns, the computer services company. Hoskyns provide practical help to managers in danger *of disappearing* under a mountain of information, much of it irrelevant to *improving performance "on* the ground" – people are perhaps rather tired of specific techniques, books and concepts – "they are really wanting practical advice on how to make it happen successfully," he says.

Hoskyns' strategic information systems planning service, focuses on how to increase productivity and competitiveness. Mr Swift believes it is important that the right environment is created within an organisation to enable people to utilise the technology effectively. In addition to providing general IT advice, Hoskyns has specialists in areas such as computer integrated manufacture and just-in-time manage*ment techniques, much* favoured by Japanese manufacturers.

Communidata is a public relations consultancy based in Ascot, Berkshire, which specialises in all sectors of the computer industry. The company is a child of the high technology industry, according to chairman and co-founder, Mr Jim Anderson.

Communidata has been involved in the launch of around 200 new companies – its typical client being a North American company "straight off the boat," wanting a complete pre-launch package. When Communidata first started marketing the high technology industry, there was *no competition, but* now *Jim* Anderson reckons there are at least 10 rivals in the field - *some of them, spin-offs from* Communidata and some offshoots of larger advertising agencies seeking to build up their high technology accounts.

The Thames Valley is not just "Silicon Valley UK": there exists a wide range of private and public sector employers, as well as the main professions. When it comes to advice, many of these businesses turn to the consultancy arm of one of the Big Eight accountancy firms, all of whom have a large and growing presence in the region.

In an effort to guage demand for management consultancy, accountants Price Waterhouse carried out a survey in the *Thames Valley and have iden*tified more than 200 organisations that they feel may have major consulting potential. According to Mr Peter Forrester, partner, Management Consultancy Services in the Thames Valley, among the major concerns of the organisations contacted was how to get information technology really working for their business – and how to bring marketing up to scratch to meet the challenges of increased competition and the single European market in 1992.

Additional areas of interest included human resources consultancy, how to attract and retain the best people and general financial management *advice. Ernst & Young have* offices in Reading and Swindon. Both companies in the *Thames Valley are trying to* get closer to the growing businesses which are experiencing change, says Mr William Powlett Smith, the partner in charge of management consultancy in the region. The corporate services department has three legs: strategic business planning, corporate advisory work and computer services.

All the accountancy firms are keen to emphasise the broad range of specialist services they provide, not only in the field of information technology but also in sectors such as property, pharmaceuticals and the public sector – in particular local and health authorities, which are being encouraged to become more market *orientated, in the provision of* services.

A thriving independent consultancy sector also exists in the Thames Valley region. One such consultancy, Lambda, concentrates on medium-sized companies, typically with annual turnovers of £10m-£20m. Lambda has been in existence for eleven years and relies on networking for much of its business. It is an informal way of bringing small consultancies together to provide a broader range of services, says *Mr Bob Lovsey of Lambda* Consultants.

To attract the best staff, companies are *typically* providing a London salary and benefits' package. The Thames Val*ley area is fast becoming the* largest legal centre outside London. Well-established local practices compete with large firms of London solicitors who have moved into the region in the past few years.

Legal recruitment consultants have moved in to meet the needs of these firms. Badenoch & Clark, for example, opened their Reading office in 1987. According to manager Mr *Tim Burrage, people* are attracted by the career opportunities available in the *Thames Valley*.

The type of work on offer to lawyers is predominantly commercial. Some firms have carved out a *niche* for themselves in the high-tech arena, where copyright and intellectual property specialists are in demand, he says.

Emma Walton

THE PROPERTY MARKET

Little gloom and doom in Glasgow

By Paul Cheeseright

Glasgow lags behind the rest of the UK. This is not a pejorative comment, simply a recognition that property trends in Scotland follow those of England: the sharp rental growth that characterised the central London office market in 1986 and 1987 arrived in Glasgow in 1988.

Generally, the regional office markets have had shallower troughs and lower peaks than central London. Now, during the 1989-90 economic slowdown, it is being suggested that, as Edward Erdman, chartered surveyors, put it in a report on the Scottish investment market, "any subsequent decline in property performance may be postponed in Scotland and even, in the best cases, be reduced in magnitude."

Certainly there was a £70m vote of confidence in the medium-term future of the Glasgow market this week when Mitsubishi Bank emerged at the head of a syndicate providing finance for the first phase of the Kumagai Gumi-Bellhouse & Joseph Investments Broomielaw development.

This phase provides 276,000 sq ft of offices and there is nearly three times as much to follow later.

The expansion of the Glasgow market has been steady, rather than spectacular. There was never the acute undersupply which existed in Edinburgh and triggered plans for over 2m sq ft of space. Nor, in consequence, was the rise in rents as steep. The highest rents have been about £17 per sq ft against more than £22 per sq ft in Edinburgh.

Glasgow, noted Weatherall Green & Smith, chartered surveyors, "has a relatively stable office market in which the supply and demand for office space move within predictable parameters."

This means that over the last 20 years, according to Allan Campbell Fraser, chairman of DCI, the development group, "the Glasgow graphs have been steady."

Certainly, in terms of mood, there is little of the gloom and doom characteristic of much conversation in London property circles.

Over the last two years the take-up of office space has been steady at around 1m sq ft but there has been some indication of a squeeze developing. In the first six weeks of the year, said Edward Erdman, 250,000 sq ft of space was taken up.

On the face of it, it looks as if supply is starting to run behind demand. This year there will only be three new buildings over 30,000 sq ft becoming available and potential tenants are already sniffing. Increased supply will not start to become available until the middle of 1991. That will be the time when, for example, the first phase of the Broomielaw development will be completed.

Yet the shortage may not be all that it seems. The fact that a shortage exists does not mean that developers are not acting to meet it. Rather that they are doing it in a different way from, say, central London.

Glasgow, observed Mr Campbell Fraser is a more cautious market than London. "We don't do a lot of speculative development," he said. Developers, therefore, prefer to have a pre-let before starting on construction.

With interest rates at the current level this is hardly surprising. Although, as the Mitsubishi financing showed, banks are ready to put money into Glasgow – readier now, indeed, than they would have been three years ago – development finance is easier to arrange with a pre-let.

DCI, for example, wants a pre-let before it starts its 265,000 sq ft Highgate development on the north side of Glasgow city centre. Sheraton Caltrust and Confederation Life have in recent months arranged pre-lets on central Glasgow projects.

But the future expansion of the offices sector depends crucially on continued demand from the financial services sector, which recently has dominated the market. And, locally, there is always the hope of relocations from south east England.

RENTAL GROWTH (%)

	Retail	Offices	Industrial	All Property
Year to December 89	12.8	16.0	21.1	16.3
Quarter to December 89	2.4	3.8	2.7	3.2
Month of December 89	0.6	1.1	0.5	0.8

Source: Investment Property Databank

Surveyors feel the pressure

Chartered surveyors or, as they sometimes prefer to call themselves, international property consultants, or, again, property advisers, are finding themselves under pressure. As business slows down, expansion plans get put aside, support staff is slimmed down.

Last month's spate of half yearly figures from Baker Harris Saunders, Debenham Tewson & Chinnocks, Fletcher King, de Morgan and Savills showed that the companies with least exposure to the residential sector and with the widest spectrum of activities were best able to cope with the market slowdown.

The agency side of the business – the buying, selling and leasing – is winding down but the professional services side – valuations, management, rating and so – is humming along. But lower revenue from the agency side puts pressure on the margins of a whole business.

Under these circumstances, the larger businesses are in the strongest position. But they are looking very carefully at their costs. "Some of the larger firms which have been recruiting graduates at the rate of 25 to 30 a year are cutting that back, down to 10 or 15 a year," said Alan Pattison of Spicers Consulting.

Spicers Consulting, part of Spicer & Oppenheim International, will shortly publish a series of reports on the competitive pressures facing surveyors. Any market difficulties make the pressures more acute, but the pressures have been building up since the mid-1980s when it became possible for chartered surveyors to take in outside capital.

The deregulation of the markets has opened up the possibility of surveyors providing financial services, but it has also allowed the financial service groups to play in the traditional hunting grounds of the surveyors. At the same time competition among the surveyors for new business has become fiercer, acting as a background to successive mergers and acquisitions.

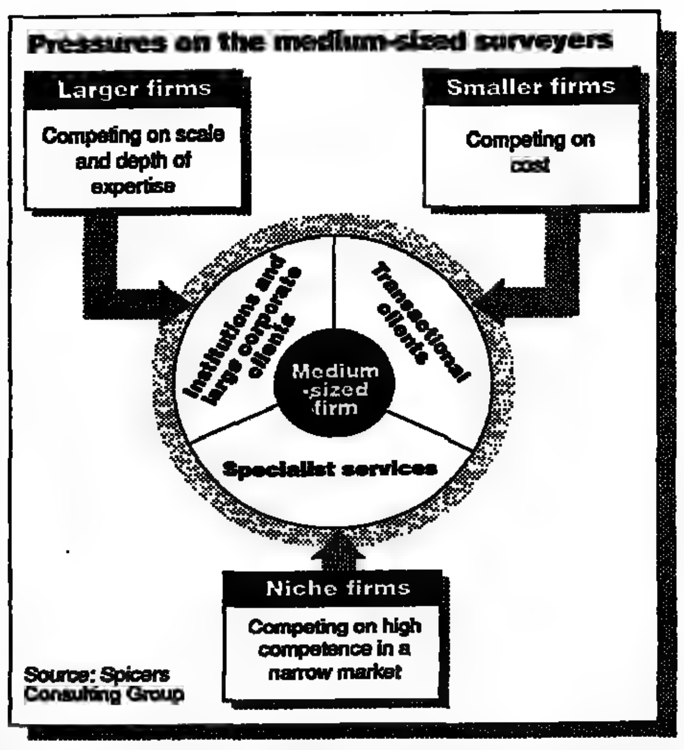
Within the profession there has been considerable debate, but no consensus, on whether adequate levels of efficiency can be achieved within the traditional partnership, whether incorporation and the injection of hierarchical management are the best way forward, or whether the pressures of market quotation are the best source of discipline – and cash.

In the Spicers view, the surveying firms most at risk are the medium-sized, defined as those with between 30 and 200 fee earners. On the basis of the figures provided by the Estates Times league table of the top 100 commercial agents, this would cover 56 firms, including all the quoted surveyors except Debenham Tewson.

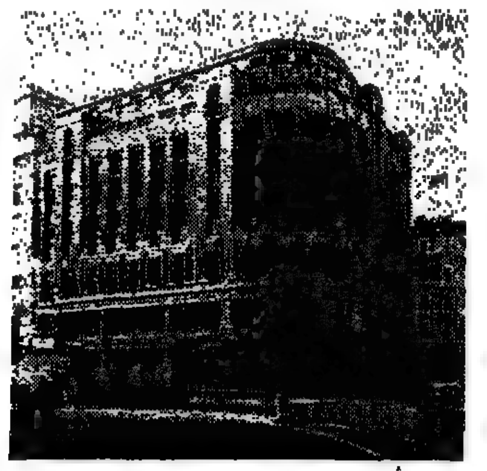
The league table emphasises two points. First, the trend towards concentration has been increasing. Nearly 3,500 fee earners are employed by the first 10 surveyors on the Estates Times list but there are less than 3,000 in the bottom 70. Second, nearly all the surveyors expanded last year. For example, near the top end of the table, Chesterton's fee earners went up from 321 to 395, Healey & Baker's went up from 268 to 300.

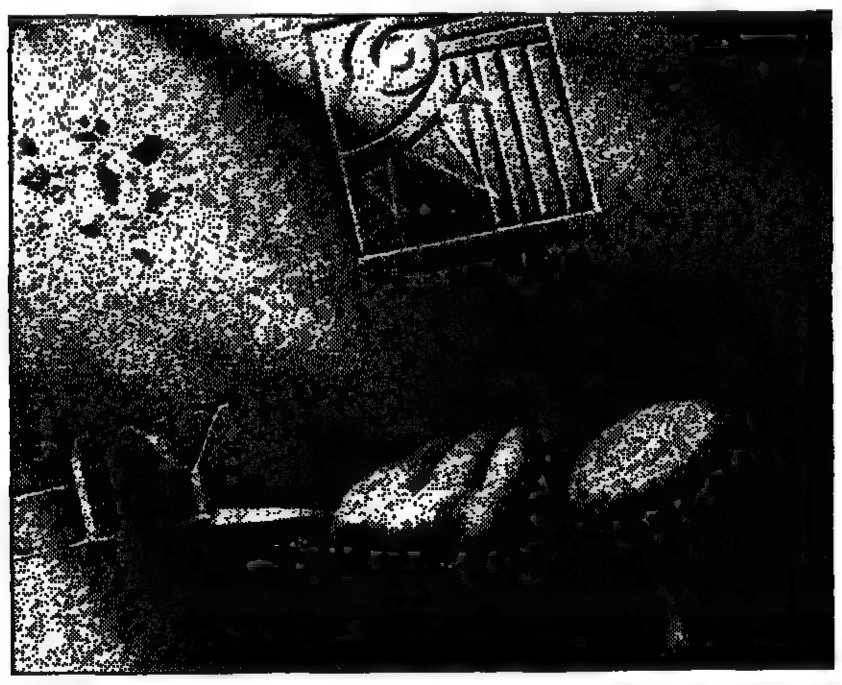
The large groups can achieve a strength through diversity, but the medium-sized, according to Spicers, "are not big enough to offer the same depth of skill across a broad range of services as the large firms" while they have "similar overheads and cost structures."

Pressures on the medium-sized surveyers



Source: Spicers Consulting Group





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COMMODITIES AND AGRICULTURE

US oil import surge points to higher Opec prices

By David Thomas, Resources Editor

GROWING US dependence on oil imported from the members of the Organisation of Petroleum Exporting Countries would enable Opec to raise prices in the longer term, the president of the American *Petroleum Institute predicted* yesterday.

Mr Charles DiBona said: "In a relatively short period of time, we can anticipate importing over 50 per cent of our oil each month."

He was speaking as the institute released figures which showed that US oil imports *surged to record* levels in January because of cold weather.

Total imports of crude and refined products into the US jumped to 9.13m barrels per day (b/d), up 14.5 per cent from 7.975m b/d a year ago, the first *time since* 1977 that imports exceeded 9m b/d.

Imports accounted for 54 per cent of domestic deliveries, surpassing the previous high of 51.8 per cent set in both March and July 1977.

The figures were exaggerated because of the record cold that hit much of the country in December, depleting heating oil stocks. The API estimated January imports were about 1m b/d higher than normal.

However, the institute said: "Although temporary factors contributed to January's surge in imports, these developments are also the product of longer-term trends, namely, the continued decline in domestic crude oil production and until recently, the growth in consumption."

Mr DiBona said that the January figures were a harbinger of things to come.

LME controversy rekindled

By Kenneth Gooding

THE CONTROVERSY over the London Metal Exchange's decision last December to place temporary restrictions on its zinc contract was rekindled yesterday after the exchange announced it was removing them.

It also lifted restrictions imposed on its nickel contract as long ago as February, 1988.

This resulted in Boliden, the mining and metals company which is part of Sweden's Trelleborg industrial group, to call *on the LME to provide clear* guidelines about why and when such limitations would be imposed in future.

Boliden has not yet removed its threat of possible legal action against the LME for its action over the zinc contract.

On December 9 the LME, in order to prevent what it described as "an undesirable *situation" developing in the* zinc contract, imposed a limit of $20 a tonne on the daily backwardation (premium for cash metal over forward prices) on zinc.

This followed hectic activity in the zinc market because, it later *transpired*, Boliden wanted to take delivery of 85,000 tonnes of the metal by the end of 1989 in order to gain maximum tax benefits available to Swedish corporations.

Mr Ole Johansen, head of *Boliden's futures* and options trading, said yesterday: "There must be clear guidelines by the LME to explain how they will deal with so-called undesirable situations and who will decided that an undesirable situation is likely to arise.

"We have used the LME for many years and we need the LME. But we cannot use an exchange which seems to make up the rules as it goes along."

Boliden has written in these terms to the LME and is awaiting a reply.

In view of the possible legal threat, the LME is not commenting on *its argument* with Boliden. However, one trader pointed out yesterday that "an emergency is an emergency and the LME has to take a view based on the available information. You know you don't have all the information you need *but you must make a* quick decision."

Other traders pointed out that it was the LME's statutory and commercial obligation to maintain an orderly market and the exchange was unlikely *to restrict its room for manoeu*vre by issuing the type of guidelines requested by Boliden.

Although some analysts suggest the LME might have been a little hasty in imposing the restrictions on zinc, they assume the LME executive was also concerned that it might be difficult to deal with any serious problems at the height of the Christmas season.

The restrictions which limited the daily backwardation on nickel to $150 a tonne imposed nearly two years ago also followed a sharp upward *movement in the metal's price* and fears of possible manipulation of the market.

Mr David King, the LME's chief executive, said the limitation had been kept on this long "out of caution."

Damages awarded over feed poisoning

By Laura Raun in Amsterdam

SLUMP, *A Dutch company* involved in the scandal over the lead-contaminated fodder that poisoned dairy cattle on about 1,700 farms in the Netherlands and Britain, yesterday won Fl1.5m (£470,000) in *damages from three animal* feedstuff suppliers.

The Hague Court awarded Slump the "advance" sum in its ruling on the appeal of a decision rejecting Slump's initial Fl2mn claim filed on *November 9*. *Slump*, which unwittingly sold tainted fodder to 300 Dutch farmers, argued that the three suppliers were responsible for the damage it suffered in lost business and financial claims.

But Slump now faces Fl6.7m in damages claims from farmers and dairymen wanting compensation for lost milk sales and sick cows, according to Mr Theodore Sandberg, attorney for Slump. The claims presented on January 30 were the first financial estimate of damages suffered from the killer cow feed scandal, which provoked an outcry from Mr John Gummer, the British Agriculture Minister.

The fodder killed about 100 cows and halted sales of agricultural products from 1,700 farms, which have since been resumed, but caused no known human illness. Slump bought high-protein maize-replacer pellets contaminated with lead from Rovegrha, which is the marketing arm for Drogerij Marknesse, a Dutch animal feed maker.

Drogerij Marknesse made the pellets from contaminated rice bran purchased from de Bruijn, a Dutch company which specialises in salvaging damaged feedstuffs. Rovegrha, Drogerij Marknesse and de Bruijn were ordered by the court to pay Slump.

● Remaining restrictions on livestock in England and Wales which had received the poisoned feed were lifted from midnight on Monday after lead levels in the animals were found to have fallen to safe levels. The movement and slaughter of affected livestock and the supply of food derived from them were prohibited in England on November 7 and in Wales on November 8 last year.

Surprise stocks fall buoys aluminium

By Kenneth Gooding, Mining Correspondent

THE MARKET was taken by surprise yesterday when the International Primary Aluminium Institute reported that non-communist world stocks fell by 61,000 tonnes in the fourth quarter of 1989 to 3.207m tonnes.

Many traders had been expecting a rise of between 50,000 and 100,000 tonnes. Consequently the London Metal Exchange aluminium price rose strongly immediately after the announcement.

The market had some second thoughts, however, after absorbing aluminium production figures which were released simultaneously and showed a rise in daily output of 300 tonnes in December compared with September last year.

Nevertheless, aluminium for delivery in three months closed last night at $1,479.50 a tonne, up $27 a tonne on the day and only 50 cents below the highest price seen in LME ring dealings yesterday. Metal for immediate delivery closed at $1,474, up $36 a tonne.

The IPAI statistics previously were issued monthly but last year in a controversial move, the Aluminium Company of America (Alcoa), biggest of the US producers, said it would provide its figures only once a quarter.

The IPAI said it would have to follow suit because it refused to include estimates in its figures.

Analysts were divided yesterday about what interpretation to put on the stock figures.

Mr John Harris, analyst at Rudolf Wolff, the commodity broker, suggested that the statistics confirmed that further *significant falls* in the aluminium price were not warranted.

Mr Nick Moore, analyst with Ord Minnett, the financial services group, also said that the IPAI figures should provide the "necessary catalyst for a sustained *improvement* in the light metal's price."

However, Mr Angus MacMillan, analyst with the Billiton-Enthoven metals trading group, said sentiment was still bearish and there was some scepticism in the market about the complete accuracy of the IPAI figures.

The IPAI statistics played only a part in yesterday's rise in the aluminium price, he insisted. It has also been *buoyed up by the rise in the* copper price.

Mr MacMillan pointed out that the geographic breakdown showed most of the stock drawdown took place in North America and was accounted for *by the breakdown of the Mount* Holly smelter last autumn.

A tale of two sugar markets

George Graham on the Paris exchange's battle with its London rival

PARIS'S COMMODITIES market has been in a bad way in the last year. Since the London Futures and Options Exchange (Fox) opened its own white sugar futures contract, the French market has been engaged in a fierce battle, in which neither side has gained the upper hand and neither side has enough trading volume to survive indefinitely.

Sugar trading averaged only 1,296 contracts a day in Paris last year, 9 per cent less than in 1988, which itself had seen a fall of 27 per cent from 1987. London's white sugar contract does about the same volume, while New York's raw sugar contract dominates the market.

"Since London created its own market, we no longer have one good market, we have two bad ones," commented Mr Henri Azzopardi, chairman of the French commodity dealers' association.

In a move to restore its competitive edge, the Paris commodities market has now been merged with its younger sister, the Matif financial futures market. The runaway success of *Matif's ten-year* government bond future has proved its capabilities and also given it a solid financial base.

"The first thing we had to do was to bring the two markets together. The second thing was to lower dealing costs," says Mr Gilbert Durieux, Matif's managing director.

Matif began by *taking* over Banque Centrale de Compensation, which acted as clearing house for the commodities markets and the structures of which had become too heavy for the reduced volume of trading it was handling.

BCC will continue as a separate clearing house, rather than being merged into Matif; as a bank, it handles clearing accounts for individual investors, whereas Matif, registered as a specialised financial institution, can only handle approved members. But BCC is to be rationalised. Dealing fees have already been slashed to *FFr2 (21p) a contract from* FFr11, and the maximum spread on conversion from francs into dollars has been reduced to 50 basis points.

War has also broken out on brokers' commissions, and with Paris brokerage now at around FFr25 to FFr30 a contract Mr Durieux believes his market is fully competitive with London's Fox.

"It is terrifying to see us fighting over 1,500 contracts a day, when in our other contracts we easily do 100 times that," he remarked.

At the same time, Matif has set about improving market liquidity, with the application of new French legislation allowing mutual funds to invest in futures and authorising "locals" to trade in the markets on their own accounts.

Paris locals started for the most part in the long bond futures pit, but some have drifted to other contracts, such *as the CAC40 stock index* future, where competition is sometimes less fierce. In March, the sugar market is to move from its old quarters under the dome of the Bourse de Commerce, at one end of *Les Halles, to the Stock* Exchange building, alongside the Matif trading floor.

Sugar is expected to remain the main contract of the Paris commodity market, but other products, such as pork, are under consideration. The existing *cocoa contract* is regarded as dormant – a total of 167 contracts changed hands last year, but not a single deal has been done in the last two months – but the coffee merchants of Le Havre are still interested in keeping the robusta coffee contract alive. Some traders have also made *suggestions* for a contract on the spread between New York's arabica and London's robusta, while a plan for a contract based on Brazilian Santos arabica is being studied.

But Mr Durieux believes the best *prospects* are for agricultural products linked to the European Community's common agricultural policy, such as bulk cereals.

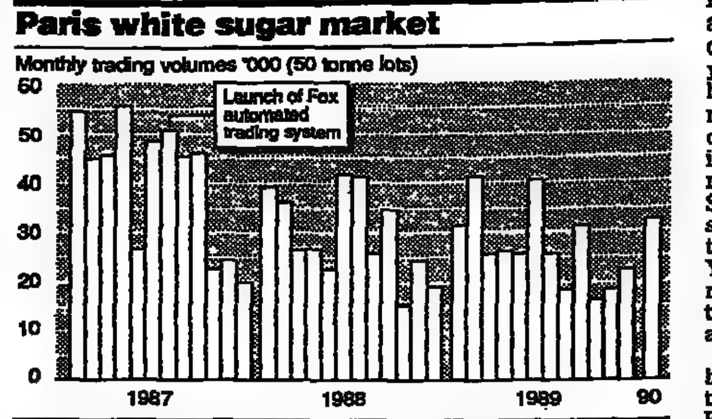
On the strength of its earnings from the long bond contract – volume rose by another 21 per cent last year, and in January averaged 65,000 contracts a day – Matif can *afford to carry the cost of a* longish commercial war with London, and is ready to wait for a year or two to see if its relaunch of the sugar contract brings results.

"Is there room *for* two white *sugar contracts* in Europe? In my opinion the answer is no. It is clear we will have to do battle until one of us yields," Mr Durieux says.

"We are obliged to show that we can help our members reinvigorate this contract. If a ceasefire agreement is reached with London, it will come from the market professionals, not from us. We're *just* a war machine: we'll stop shooting when the professionals tell us to."

Paris white sugar market

Monthly trading volumes '000 (50 tonne lots)



Going for a 'buzz' at the Baltic Exchange

David Blackwell on London's newest and smallest futures forum

THE BALTIC Futures Exchange, London's newest and smallest futures exchange, is probably still not as well known as the five small exchanges which amalgamated to form it at the end of 1987.

The five constituent exchanges were the Baltic International Freight Futures Exchange (Biffex), the London Potato Futures Market, the London Meat Futures Market, the Soyabean Meal Futures Market and the Grain Futures Market – hardly household names themselves.

They joined together out of necessity in order to avoid unnecessary expense in complying with the Financial Services Act. As a single entity they successfully applied to become a Recognised Investment Exchange (RIE) under the Act, thereby spreading the costs of the new regulations between them.

Although technically a single entity, the constituent parts are still scattered around the vast Edwardian Baltic Exchange in St Mary Axe in the City of London. But next month the exchanges will all move onto a single trading floor in the main hall of the Baltic, where Biffex now trades.

Mr James Gray, chairman of the BFE's public relations and marketing committee, describes this as the second phase of the amalgamation programme. The newly situated exchange is aimed at encouraging "an atmosphere of excitement and buzz," he says, creating the environment for increased volumes.

On Monday an Extraordinary General Meeting of the exchange will decide on whether to pass a new trading rule which would give members of one market the right to trade on any other market. If the rule is accepted, a member of the potato market, for example, will be able to pay a licence fee and trade any other BFE contract.

"This should help liquidity," says Mr Gray. "The 30 or 40 companies which are now spread all over the Baltic will be concentrated in one place and be able to trade any of the contracts available."

The Biffex freight futures contract, launched in 1985, has become the biggest of the contracts – the others are wheat and barley (both of which have traded options), pigmeat (cash settlement), soyabean meal and potatoes.

Last year Biffex, which trades on the movements in the Baltic Freight Index, traded 91,112 lots worth $1.51bn, a fall from the record year in 1988, when 108,772 lots were traded, valued at $1.66bn. Overall, volumes at the BFE were down last year, but Mr Gray is optimistic that the coming changes will attract newcomers and increase the general level of trading across the new floor.

"Most of the contracts are good," he says. "They perform a useful function and are unique to London – and Biffex is unique to the world. The trading environment at the BFE has been wrong, and we're putting it right."

● The Baltic Freight Index, which underlies the Biffex contract and measures the movement in major dry bulk cargo freight rates, is being revised to incorporate time charters from August this year.

Time charters, where a vessel is paid for by the day rather than by the tonnage carried, will make up 22½ per cent of the index, reflecting their growing influence on the shipping market.

The exchange said this was the most dramatic revision of the BFI since it started. It was probably the only index where users recognised the need for constant change – although the exchange did not want to keep tinkering with it.

Mr Philippe van den Abeele, of Clarkson Wolff and Biffex, believes that existing traders will feel more comfortable with the new index, and should trade bigger volumes, while new trade could be attracted.

LONDON MARKETS

NICKEL prices continued this week's strong surge on the LME yesterday on substantial consumer demand, merchant covering and profit-taking purchases. The market appears to have been lifted out of its bear trend, which took prices to a 2¼-year low of $5,800 in mid-January. Three-month metal closed at the day's high of $7,425 a tonne, up $237.50 on the day and $1,075 so far this week. Traders said the market probably bottomed-out when Inco and Falconbridge decided to make output cuts and many consumers, previously holding off for even lower prices, returned to the market to replenish run-down stocks. Coffee prices went into reverse as sentiment again turned bearish. More news of labour problems in Brazil had little impact as a short-term disruption to supply is already priced into the market, traders said.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.80-8.70z	+.175
Brent Blend	$19.62-9.68z	+.25
W.T.I (1 pm est)	$22.20-2.25z	+.40
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-226	+4
Gas Oil	$177-178	+2
Heavy Fuel Oil	$90-91	
Naphtha	$193-195	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$415.75	+0.50
Silver (per troy oz)♣	536c	+4
Platinum (per troy oz)	$522.50	+8.50
Palladium (per troy oz)	$136.25	+0.75
Aluminium (free market)	$1455	+20
Copper (US Producer)	108⅝-115c	+6
Lead (US Producer)	41.0c	
Nickel (free market)	335c	+10
Tin (Kuala Lumpur market)	16.30r	-0.10
Tin (New York)	282c	-2
Zinc (US Prime Western)	65¾c	
Cattle (live weight)†	110.51p	+0.52*
Sheep (dead weight)†	203.14p	+4.27*
Pigs (live weight)†	84.74p	+4.46*
London daily sugar (raw)	$357.0x	+0.2
London daily sugar (white)	$431.0x	+0.5
Tate and Lyle export price	£325.0	
Barley (English feed)	£112.0	
Maize (US No. 3 yellow)	£127.5	
Wheat (US Dark Northern)	£129	
Rubber (Mar)♥	55.50p	+.50
Rubber (Apr)♥	56.50p	+.50
Rubber (KL RSS No 1 Mar)	231.0m	+1.0
Coconut oil (Philippines)§	$372.5x	
Palm Oil (Malaysian)§	$272.5w	-2.5
Copra (Philippines)§	$225	-15
Soyabeans (US)	£158	+1
Cotton "A" index	78.05c	+.75
Wooltops (64s Super)	548p	-4

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	626	622	625	615
May	634	633	637	627
Jul	647	645	649	639
Sep	662	661	666	654
Dec	685	685	[illegible]	675
Mar	707	706	709	697
May	722	721	724	715

Turnover: 9485 (7153) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 14 760.55 (759.21) 10 day average for Feb 15 762.63 (762.42)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Mar	605	617	619	600
May	607	621	620	605
Jul	618	628	628	616
Sep	634	642	644	629
Nov	648	657	658	645
Jan	664	671	670	662
Mar	680	690	687	680

Turnover: 5039 (13453) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 14: Comp. daily 67.42 (66.78). 15 day average 63.69 (63.31)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	326.60	325.40	327.00	323.00
May	327.60	326.40	327.60	323.60
Aug	326.20	325.40	326.40	322.00
Oct	316.60	316.00	317.20	313.60
Dec	315.00	314.00	310.00	310.00
Mar	294.80	293.60	294.80	291.00
White	**Close**	**Previous**	**High/Low**	
May	427.5	427.0	427.0	424.7
Aug	427.5	427.0	[illegible]	[illegible]
Oct	393.5	393.0	[illegible]	[illegible]
Dec	370.0	368.3	368.0	366.5
May	364.0	361.5	358.5	
Aug	364.0	361.8	358.5	

Turnover: Raw 3983 (2734) lots of 50 tonnes. White 995 (1156)
Paris- White (FFr per tonne): Mar 2435, May 2435, Aug 2465, Oct 2270, Dec 2160, Mar 2115.

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Mar	173.50	171.50	174.00	172.00
Apr	169.50	167.75	170.00	168.25
May	167.00	164.75	167.00	165.25
Jun	165.50	163.50	165.50	163.50
Jul	166.25	163.50	165.00	163.50
Aug	166.50	165.50	168.00	166.00
Nov	172.00	169.25	170.00	168.00

Turnover 6262 (7704)lots of 100 tonnes

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Apr	19.70	19.40	19.70	19.51
May	19.48	19.27	19.52	19.40
Jun	19.30	19.12	19.30	19.08
IPE Index	19.37	19.51	19.37	

Turnover: 4569 (10020)

FRUIT & VEGETABLES

There are plenty of fruit bargains available this week, reports FFVIB. Bananas are a best buy at 50-65p a lb (50-65p). Apples remain good value with Cox's at 40-60p (40-55p). French Golden Delicious at 30-45p (30-44p). Early forced rhubarb at 50-70p (50-70p) is a superb buy. All varieties of potatoes including Maris Piper and Pentland Squire at 10-16p (10-16p), are excellent value. There is a superb choice of cabbages at 15-30p (15-30p), and mushrooms at 35-75p a ½lb (35-75p). Celery at 40-65p a head (40-65p), and watercress at 30-60p a bunch (30-45p) are still good value. Cucumbers at 60-90p each (60-90p), remain stable.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 15,325 tonne
Cash	1473-5	1437-9		1463-5		
3 months	1479-80	1452-3	1480/1444	1464-5	1477-8	35,097 lots
Copper, Grade A (£ per tonne)						Ring turnover 47,500 tonne
Cash	1412-4	1389-90	1398/1395	1397-8		
3 months	1397-8	1388-7	1400/1389	1385-6	1396-7	62,262 lots
Lead (£ per tonne)						Ring turnover 9,325 tonne
Cash	445-6	448-50	453/445	451-3		
3 months	422.5-23	422-3	425/419	422-3	418-20	9,798 lots
Nickel ($ per tonne)						Ring turnover 1,074 tonne
Cash	7525-75	7200-50		7175-225		
3 months	7400-50	7175-200	7425/7000	7125-50	7375-400	7,379 lots
Tin ($ per tonne)						Ring turnover 1,410 tonne
Cash	6140-60	6200-10		6140-60		
3 months	6260-80	6330-40	6280/6250	6275-80	6290-300	5,390 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 9,050 tonne
Cash	1385-7	1385-90	1394/1387	1387-8		
3 months	1379-80	1380-5	1385/1375	1380-2	1373-5	17,288 lots
Zinc ($ per tonne)						Ring turnover tonne
Cash	1383-6	1385-95		1380-5		
March 30	1355-65	1360-70		1355-65		834 lots

LME Closing £/$ rate: SPOT: 1.6940 3 months: 1.6870 6 months: 1.6412 9 months: 1.6165

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Apr	180.4	179.0	181.0	178.5
May	208.0	203.4	206.0	202.0
Nov	199.9	109.0	100.0	100.0
Apr	145.0	142.5	140.0	139.0

Turnover 273 (752) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Apr	129.00	127.50	128.50	127.50
Jun	125.00	123.80		
Aug	124.50	123.00	123.00	
Oct	127.50	126.00		

Turnover 58 (26) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Feb	1588	1580	1590	1580
Mar	1633	1624	1635	1618
Apr	1642	1636	[illegible]	[illegible]
Jul	1400	1390	1400	1390
Oct	1505	1508	1510	
Jan	1512	1514		
BFI	1576	1578	1576	

Turnover 338 (407)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Mar	112.80	112.90	113.30	112.60
May	116.60	116.60	116.90	116.35
Jun	118.80	118.95	119.20	118.75
Sep	107.00	106.35	106.80	106.50
Nov	109.80	109.35	109.80	109.50
Jan	113.50	113.50	113.50	
Mar	116.50	116.50	116.50	
Barley	**Close**	**Previous**	**High/Low**	
Mar	106.25	106.75	106.25	
May	109.00	109.35	109.25	109.00
Sep	104.15	104.00	104.00	
Mar	112.65	112.25	112.50	

Turnover: Wheat 371 (266). Barley 70 (34).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	112.0	111.2	112.0
Apr	118.0	116.5	116.5
Jun	117.0	116.0	117.0
Aug	116.0	114.0	

Turnover 11 (6) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	415½-416	245-245½
Opening	417-417½	246¼-246¾
Morning fix	417.05	246.047
Afternoon fix	416.85	245.762
Day's high	417¾-418¼	
Day's low	415-415½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	424-428	250-253
Britannia	424-429	250-253
US Eagle	424-429	250-253
Angel	427½-432½	252-255
Krugerrand	415-418	245-247
New Sov.	98-100	58-59½
Old Sov.	*98-100*	*58-59½*
Noble Plat	526.80-536.85	312.00-316.75

Silver fix	p/fine oz	US cts equiv
Spot	315.00	534.00
3 months	326.60	544.90
6 months	338.40	556.90
12 months	362.35	579.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1400	81	94	2	15
1450	15	36	35	56
1500	1	10	120	127
Copper (Grade A)	**Calls**		**Puts**	
2250	133	132	8	51
2300	60	79	34	97
2350	19	43	92	159
Coffee	**Mar**	**May**	**Mar**	**May**
550	51	64		8
600	8	32	7	26
650		13	49	57
Cocoa	**Mar**	**May**	**Mar**	**May**
600	31	47	6	13
650	6	20	31	36
700		7	75	73
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900	74	92	20	42
1950	50		36	
2000	20	45	67	

US MARKETS

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	412.4	416.7	417.6	412.0
Mar	413.6	418.0	415.0	413.0
Apr	416.2	420.7	422.0	415.5
Jun	421.8	426.1	427.4	420.0
Aug	426.8	431.1	430.0	426.0
Oct	431.7	436.5	436.5	436.3
Dec	[illegible]	441.5	442.7	436.0
Feb	442.2	447.0	446.0	446.0
Apr	447.3	452.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	518.9	520.9	0	0
Apr	522.9	526.9	529.8	521.0
Jul	527.9	532.4	535.0	527.0
Oct	533.4	538.4	534.5	534.5
Jan	539.9	544.9	543.0	543.0
Apr	547.4	552.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	531.7	531.5	0	0
Mar	533.0	533.0	536.4	531.5
Apr	537.2	537.2	0	0
May	541.6	541.5	547.0	540.0
Jul	549.8	549.7	555.5	548.0
Sep	556.5	558.3	562.0	560.6
Dec	570.3	570.0	575.0	569.0
Jan	573.7	573.4	0	0
Mar	582.4	582.1	0	0
May	590.6	590.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	108.50	106.80	109.00	106.80
Mar	107.05	105.70	107.80	105.70
Apr	105.05	103.65	105.50	104.85
May	103.45	102.20	104.05	102.20
Jun	102.25	101.10	0	0
Jul	101.05	100.00	101.40	100.20
Aug	100.35	99.35	0	0
Sep	99.65	98.70	99.60	99.00
Oct	99.20	98.30	0	0
Nov	98.70	97.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	22.42	22.07	22.50	22.12
Apr	22.23	21.85	22.28	22.02
May	22.03	21.61	22.10	21.88
Jun	21.85	21.81	21.90	21.68
Jul	21.62	21.37	21.66	21.45
Oct	21.15	20.89	21.15	21.05
Nov	21.07	20.82	21.10	20.89
Dec	21.05	20.78	21.05	20.89

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 15	Feb 14	mnth ago	yr ago
1793.6	1794.0	1782.0	1930.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 14	Feb 13	mnth ago	yr ago
Spot	129.99	126.66	126.98	134.73
Futures	131.94	131.61	129.56	137.56

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5885	5764	5930	5795
Apr	5800	5726	5830	5750
May	5695	5634	5715	5650
Jun	5600	5547	5620	5560
Jul	5600	5542	5610	5580
Aug	5635	5602	5660	5635
Sep	5770	5697	5770	5725
Nov	5890	5827	5890	5890
Dec	5950	5892	5950	5950

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	981	980	995	976
May	972	978	989	971
Jul	982	988	997	980
Sep	1001	1010	1013	997
Dec	1027	1032	1034	1024
Mar	1046	1052	1054	1045
May	1056	1063	1065	1065
Jul	1071	1078	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	84.98	85.81	87.25	84.60
May	87.32	88.11	89.50	86.75
Jul	89.01	89.94	91.20	88.60
Sep	90.71	91.60	92.50	90.25
Dec	93.00	93.45	94.10	92.50
Mar	94.38	95.40	96.50	96.50
May	95.75	97.00	0	0
Jul	99.50	100.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.74	14.70	14.78	14.58
May	14.77	14.70	14.79	14.60
Jul	14.65	14.61	14.65	14.48
Oct	14.27	14.24	14.29	14.10
Mar	13.55	13.53	13.56	13.40
May	13.42	13.40	0	0
Jul	13.32	13.30	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	69.50	69.28	69.50	68.75
May	70.90	70.56	70.90	70.00
Jul	71.25	70.80	71.30	70.21
Oct	67.50	67.40	67.50	67.00
Mar	66.78	66.70	66.78	66.40

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	201.20	202.40	202.90	200.55
May	195.25	196.10	197.40	194.75
Jul	191.25	192.10	193.00	191.25
Sep	186.50	188.50	189.25	186.50
Nov	182.25	184.55	183.25	181.50
Jan	179.00	181.10	180.00	180.00
Mar	179.00	181.10	0	0
May	179.00	181.10	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	571/0	566/6	571/4	567/4
May	583/2	579/0	583/4	579/4
Jul	594/6	591/2	595/0	591/0
Aug	597/6	595/0	598/0	596/6
Sep	596/0	593/0	596/4	595/0
Nov	600/4	597/6	601/0	598/0
Jan	610/4	607/0	610/4	607/4
Mar	620/0	617/0	620/0	618/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.11	19.95	20.12	19.88
May	20.37	20.24	20.38	20.15
Jul	20.48	20.36	20.49	20.25
Aug	20.42	20.32	20.42	20.25
Sep	20.36	20.26	20.36	20.15
Oct	20.23	20.22	20.25	20.05
Dec	20.27	20.25	20.28	20.00
Jan	20.20	20.17	20.20	20.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	165.6	165.1	166.2	165.5
May	170.0	169.4	170.6	169.8
Jul	173.9	173.0	174.5	173.3
Aug	175.7	174.8	176.4	175.3
Sep	177.5	176.5	178.1	177.0
Oct	178.6	177.5	179.2	178.5
Dec	181.3	180.0	182.0	180.5
Jan	182.0	181.0	182.5	182.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	242/6	243/0	244/2	242/4
May	249/0	249/0	250/6	248/2
Jul	253/4	253/4	255/0	253/0
Sep	251/4	250/4	252/0	250/2
Dec	248/6	247/4	249/2	247/2
Mar	255/4	254/2	255/6	254/2
May	259/0	257/4	258/4	257/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	386/2	387/2	389/0	384/2
May	365/2	365/6	367/0	364/2
Jul	345/6	346/2	346/6	345/4
Sep	351/4	353/2	353/0	351/4
Dec	363/4	364/4	364/4	363/0
Mar	370/2	371/0	370/4	368/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	79.77	79.42	79.80	79.35
Apr	77.72	77.37	77.85	77.40
Jun	72.77	72.52	72.90	72.55
Aug	71.37	71.05	71.45	71.07
Oct	72.72	72.37	72.85	72.37
Dec	73.40	73.05	73.40	72.95
Feb	73.30	73.00	73.30	73.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	49.85	50.17	50.30	49.75
Apr	47.67	47.75	47.75	47.35
Jun	53.00	53.12	53.10	52.62
Jul	52.72	52.72	52.72	52.42
Aug	51.20	51.30	51.25	50.90
Oct	46.45	46.60	46.45	46.15
Dec	46.95	47.02	47.00	46.65
Feb	47.10	47.20	0	47.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	51.10	49.62	51.30	49.30
Mar	51.55	49.82	51.82	49.60
May	53.00	51.20	53.20	51.00
Jul	52.85	51.50	52.60	51.60
Aug	50.47	49.40	51.00	49.75
Feb	56.00	55.02	56.25	55.75
Mar	54.60	54.60	0	0

LONDON STOCK EXCHANGE

Equities advance in active trading

THE LONDON stock market continued yesterday to turn its back on this week's batch of bad news, re-establishing itself firmly in its latest trading range on the back of selective buying by investment institutions. Trading volume was at its highest level for some weeks, with a programme trade by UBS Phillips & Drew, the London-based securities house, making a significant contribution.

The upturn in equities, which left the FT-SE Index with a final gain of 15.5 at 2,313.8, did not come until mid-morning, when it was helped along by a squeeze in the futures market which drove the FT-SE futures contract from a 10 to a 15 point premium.

Account Dealing Dates		
*First Dealings:		
Jan 29	Feb 12	Feb 26
Option Declarations:		
Feb 8	Feb 22	Mar 8
Last Dealings:		
Feb9	Feb 23	Mar 9
Account Day:		
Feb 19	Mar 5	Mar 19

*New time dealings may take place from 9.00 am two business days earlier

The UBS Phillips & Drew programme, believed to be worth £80m and evenly spread between buy and sell operations in alpha stocks, appeared to indicate a reshaping of a large-sized institutional portfolio position.

The better tone of the market brought a modest increase in the institutional retail interest which has been lacking in recent sessions. But traders stressed that the Seaq volume total of 632.7m shares, compared with 466.5m on Wednesday, included a fair proportion of intra market business.

Equity strategists were cautious in assessing yesterday's impressive performance by equities. One view was that the increase in home loan rates at Abbey National might prompt the UK Government to ease the interest rate burden as soon as possible; however, Mr John Major, the UK Chancellor, told Parliament yesterday that he could not promise an early cut in rates. Also helping London was the generally calm reception on Wall Street and Tokyo for the Drexel Burnham Lambert bankruptcy filing.

There was general satisfaction with the re-appearance of the institutional buyers at the FT-SE 2,300 area, which provided further indication that this may be the lower end of a new trading range. But there were warnings from some dealers that "the market was oversold at the end of last week and this run may not have too far to go."

The market's recovery was encouraged by good support for a batch of the international blue chips. Reuters, with the share price now largely dictated by US investor interest, had another firm session, and others benefiting from transatlantic support included Rank Organisation and BET.

Two small rights issues, £37m from Gestetner,the office equipment firm, and £32.5m from Newman Tonks, industrial supplies, were taken comfortably aboard by the market. The corporate reporting scene, which has proved such a painful trial for equities over the past week, was brightened yesterday by a substantial trading recovery at Amstrad, the personal computer company.

FINANCIAL TIMES STOCK INDICES

	Feb 15	Feb 14	Feb 13	Feb 12	Feb 9	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	80.87	81.38	81.11	80.89	81.15	89.15	89.29 (8/2/89)	80.80 (7/2/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.00	91.24	90.98	91.34	91.35	97.60	98.59 (15/3/89)	90.85 (28/1/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1829.5	1822.4	1818.1	1810.6	1830.7	1657.2	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	292.3	298.3	328.6	344.2	357.7	159.4	378.5 (6/2/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2313.8	2298.3	2298.2	2288.9	2313.6	2033.8	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.71	4.73	4.73	4.75	4.70	4.36				
Earning Yld %(full)	11.36	11.43	11.44	11.48	11.35	10.87				
P/E Ratio(Net)(☆)	10.63	10.59	10.58	10.54	10.66	11.18				
SEAQ Bargains(5pm)	25,443	24,198	24,025	24,580	28,988	25,984				
Equity Turnover(£m)†	-	817.29	774.41	658.44	774.46	1089.84				
Equity Bargains†	-	24,033	24,156	25,200	29,425	28,856				
Shares Traded (ml)†	-	369.5	355.8	377.5	413.2	407.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.58

Ordinary Share index, Hourly changes Day's High 1829.7 Day's Low 1811.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1816.5	1812.3	1817.7	1823.1	1823.1	1823.5	1824.2	1828.6

FT-SE, Hourly changes Day's High 2314.4 Day's Low 2289.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2293.3	2290.2	2297.5	2303.2	2303.7	2304.8	2306.4	2314.3

GILT EDGED ACTIVITY

Indices*	Feb 14	Feb 13
Gilt Edged Bargains	90.2	95.2
5 – Day average	88.7	90.3

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

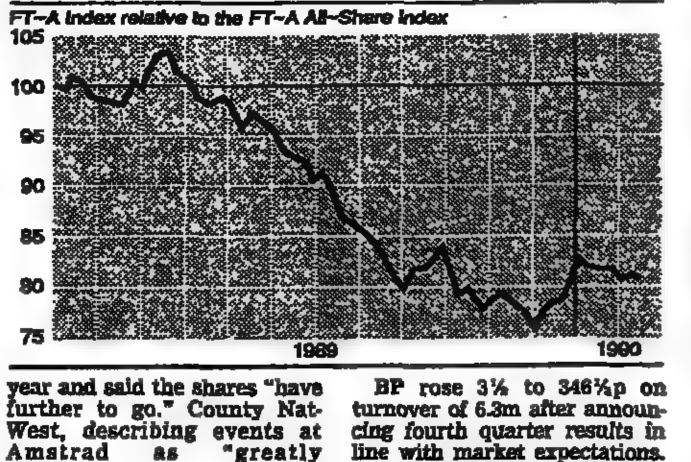
Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	1,800	180	−2	Comm. Union	201	504	+2	LASMO	814	609	+8	Shell Transport	2,025	460	+7
ASDA Group	5,600	111	+2	Cookson	885	244	+6	Lonrho	855	276	+1	Siebe	171	426	+1
Abbey National	1,600	181	+1	Courtaulds	1,200	395		Lucas	754	588	+5	Slough Ests	828	303	+2
Allied-Lyons	2,600	480	+5	Dalgety	480	378	−5	MB Group	3,800	218		Smith (W.H.) A	592	325	
Amstrad	32,000	57½	+2½	Dixons	635	120		MEPC	1,200	502	+2	Smith & Nephew	3,000	120¼	+1
Argyll Group	856	270	+4	Eng. China Clays	1,800	389	−1	Marks & Spencer	5,620	208	+5	SmKl Beecham	514	531	+1½
Ass. Brit. Foods	141	400	+2	Enterprise Oil	880	644	−7	Maxwell Comm.	319	206	+1	SmKl Beecham Units	0	2458	−10
BAA	1,550	386	+12	FKI	3,700	80	−2	Mecca Leisure	863	150	+½	Smiths Inds.	284	231	−5
BAT Inds.	7,100	809		Ferranti	6,500	38½	+½	Midland Bank	353	354		Standard Chartd.	145	605	+1
BET	735	345	+7	Fisons	2,800	530	+6	NatWest Bank	1,300	337	+2	Storehouse	6,200	116	+4
BICC	1,100	485	−5	Gen. Accident	789	1135	−3	Next	8,500	103	+3	Sun Alliance	102	315	+1
BOC	856	624	−3	General Elect.	2,000	222	+1	Northern Foods	381	503	−1	Sun Life	57	1365	−5
BPB Inds.	1,800	282	−5	Glaxo	3,100	782	+24	Pearson	835	730	−3	T&N	442	304	−2
BTR	3,700	417	−4	Globe Inv.	157	180½	+½	P & O	539	611	+8	TI Group	341	427	−6
Barclays	1,300	546	−6	Glynwed Int.	1,000	328	−1	Pilkington	1,250	219		TSB	3,100	136	+1
Bass	772	980	+10	Granada	800	[illegible]	+6	Polly Peck Intl.	1,000	406	−1	Tarmac	10,000	222	−6
Beazer	392	149	−4	Grand Met.	1,400	592	+5	Prudential	8,200	211		Tate & Lyle	2,335	308½	−5½
Beresford Int.	680	129	+1	GUS A	161	1030	+10	RHM	673	415		Taylor Woodrow	2,167	276	−3
Blue Arrow	2,100	80½	+1½	GRE	1,200	249	+1	RMC	470	813	−11	Tesco	5,600	201	+2
Blue Circle	3,300	283	+2	GKN	1,800	350	−1	RTZ	931	520	+5	Thames Water	3,100	165½	+7
Boots	3,000	275	+4	Guinness	2,200	660	+8	Racal	7,900	231	+7	THORN EMI	485	742	
Brit. & Comm.	909	72		Hammerson 'A'	855	785	+2	Racal Telecom	886	389	+2	Trafalgar House	709	333	−2
Brit. Aerospace	1,500	594	−2	Hanson	15,000	230	+2¼	Rank Org.	1,700	780	+18	Trusthouse Forte	3,300	290	+3
British Airways	1,200	165	−1	Hanson Warrants	1,200	68½	+½	Reckitt & Colman	185	1150	−9	Ultramar	1,600	382	+7
British Gas	3,700	229½		Harrisons Cros.	3,400	147	−1	Redland	383	540	−2	Unigate	398	300	−1
British Land	221	364	+3	Hawker Sidd.	185	690	−8	Reed Intl.	852	424	+2	Unilever	402	648	+3
BP	8,300	346½	+3½	Hillsdown	1,800	282		Reuters	1,100	1061	+15	United Biscuits	820	357	+3
British Steel	7,000	138	−1½	IMI	2,000	209	−8	Rolls Royce	2,300	173	−1½	Utd. Newspapers	228	389	−5
British Telecom	4,700	308	+2	ICI	2,000	1058	−3	Rothmans	91	880		Wellcome	815	953	+9
Bunzl	1,400	109	+4	Inchcape	289	373	−1	Ryl Bk Scotland	1,700	165	+5	Whitbread 'A'	3,400	382	+3
Burmah Oil	354	655	+5	Kingfisher	1,500	285	+5	Royal Insurance	233	510	+1	Williams Hldgs.	4,800	342	−3
Burton	1,800	183		Ladbroke	1,568	300	−1	STC	2,400	262	−3	Willis Faber	275	264	+2
Cable & Wire.	1,300	551	+9	Land Securities	1,400	485	+2	Saatchi	597	225	−1	Wimpey	847	244	−4
Cadburys	2,600	335	−1	Laporte	29	511	+1	Sainsbury	1,500	253	+4				
Calor Group	218	359		Legal & General	710	380	−1	Scottish & New.	1,200	333	−1				
Carlton Comms.	4,600	770		Lloyds Abbey	928	319	+3	Sears	2,300	104½					
Coats Viyella	1,400	132	+8	Lloyds Bank	2,500	288	+3	Sedgwick	444	264	+5				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Glaxo again in demand

Contracting, Construction

FT–A index relative to the FT–A All–Share index



Glaxo benefited from US buying yesterday and was in demand for much of the session. There was a renewed burst of buying an hour before the market's close when Mr Ian White and Ms Barbara Arzymanow, the Kleinwort Benson pharmaceuticals team, changed their recommendation from hold/buy to an unequivocal buy.

The two have been conducting a detailed study, to be published before the end of the month, into four drugs still being developed at Glaxo. "Collectively they are at least as important as Zantac and should be on the market within two years;" said Mr White. Zantac is the world's best-selling drug and is credited with having put Glaxo into the world's top five drug companies.

Mr White has forecast combined sales of more than £2bn for the four products before the end of the decade. They are: Ondansetron (anti-emetic/cancer), Sumatryptan (migraine), Salmeterol (asthma) and Fluticasone (anti-inflammatory). The shares closed 24 higher on the day at 782p, on turnover of 3.1m shares, high for the stock.

Amstrad delights

Amstrad, the consumer electronics group, drew a heavy trade of 32m shares after pleasantly surprising the City with interim profits higher than expectations and a reduction in inventory of around 30 per cent. At the close Amstrad were 2½ higher at 57½p, having touched 58p.

Pre-tax profits came out at £30.1m, a far cry from the £75.3m achieved during the same period last year, but at least £5m higher than the most optimistic forecast. The one disappointment was the maintained half-yearly dividend of 0.4p payment; some had hoped for a small increase.

Analysts were quick to upgrade their forecasts for the full-year. At BZW, Mr Paul Norris, who changed his stance on the stock from bearish to positive only weeks ago, said he was looking for pre-tax profits in the region of £40m for the full year, "and they will have £20m of net cash by June against previous estimates of £20m of net debt. Mr Sugar is now back to full vigour and we remain very bullish of the stock."

The Kleinwort Benson electronics team upped its forecast to £45m – with £70m to £80m pencilled in for the following year and said the shares "have further to go." County NatWest, describing events at Amstrad as "greatly improved," also expects the group to achieve £45m this year, as did Kitcat & Aitken.

Guinness wanted

The stream of brokers' upgradings in Guinness continued. Joining the fray yesterday were Kleinwort Benson and BZW. The former reaffirmed its positive stance on the stock, arguing that the shares' outperformance last year – when it was the sharpest improver in the FT-SE 100 – would continue, if at a slightly slower rate.

Kleinwort picked out as the most significant factors the contribution from 24 per cent owned LVMH, the French luxury goods group, and a £100m rise in trading profits to £545m from the spirits division for the year just finished.

BZW, too, took an optimistic line on the 1989 figures, due at the end of March. It predicted a full year pre-tax profit of £673m, while Kleinwort went for £680m, with £808m pencilled in for the following year.

Guinness rose 8 to 660p, having touched 664p. Turnover was a busy 2.2m.

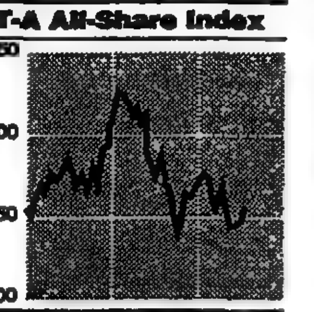
The programme trade and news that Hanson was to buy the 45 per cent it did not own of Peabody, the largest coal producer in the US, combined to boost turnover to 15m shares. The price rose 2¼ to 230p.

US interest also pushed Reuters ahead, to close 15 better at 1061p.

BP rose 3½ to 346½p on turnover of 6.3m after announcing fourth quarter results in line with market expectations. News of the increased dividend was tempered by slight caution over the performance of the chemicals businesses.

Leading retailers had a good day, which surprised dealers who had feared the worst following the rise in mortgage rates on Wednesday. Leading the pack was Next, up 3 at 103p as 8.5m shares changed hands, driven for the second day running by heavy buying of traditional call options. This sparked gossip that Sears, which has a near 2 per cent stake, might bid. Analysts took the view that Sears was unlikely to initiate any takeover attempt but would want to get involved if an aggressive third party put in an appearence.

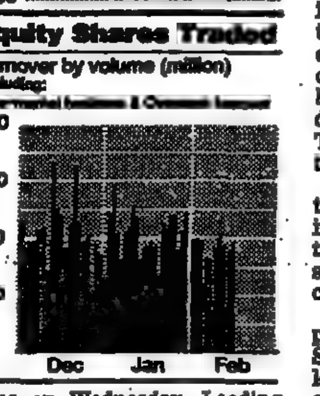
FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Excluding: Intra-market business & Overseas turnover



The buoyancy interest spilled over into the rest of the sector, with Kingfisher and Marks and Spencer 5 higher at 285p and 208p *respectively*, Ratners 4 firmer at 243p and Laura Ashley recovering 2 to 60p. Storehouse, in the midst of a series of bullish presentations to analysts, rose 4 to 116p.

The latest surge in demand for water stocks saw South West Water win the race to the 200p mark, twice last December's 100p offer price, leaving the shares a net 9 higher on the day. Other good performers included North West, 8 up at 166p, Severn Trent, 7 better at 153p, on good turnover of 3.6m, and Thames the same amount up at 165¼p on 3.9m. Welsh were 6 to the good at 195p, and the Package 48 firmer at £1723.

"Everyone is waiting for news of further share stakes in the stocks, with the French water companies expected to feature," said one trader.

Fairline Boats said that talks which might have led to an offer being made for the company had ended. Fairline were 145p lower at one point but ended at 693p, down 130p on the day.

Scattered buying by smaller investors in Eurotunnel helped the shares recover from an early fall of about 50 to close 11 off at 573p. The weakness had *been caused by news of further* differences the company and TML, the consortium building the Channel tunnel.

BAA climbed 12 to 386p as the Office of Fair Trading said it would not refer the company to the Monopolies Commission.in the wake of a commercial policy review by BAA.

BZW cut its current year profits forecast for Cadbury Schweppes by £5m to £290m leaving the shares off 6 at one stage, but recovering to close a penny lower on the day at 335p. BZW is cautious on food manufacturing as a whole and singled out an expected decline in the Australian dollar was the reason for the lower number on Cadbury.

Tate & Lyle eased 5½ to 308½p on volume of 2.4m shares as concern grew over the sale of its US automotive components business to Onex for £111m. It was subject to Onex obtaining financing for the leveraged deal and analysts said difficulties in the junk bond market had raised doubts. However, some said that a bout of profit-taking was said to be the real reason for the price decline.

Hartwell, the motor distributor, added 10 to 156p as Oakhill, the UK vehicle of the Jameel Group, a Saudi Arabian trading concern, raised its hostile £151m offer to £172.4m. The new 155p a share offer is 19p more than the original bid.

Hartwell rejected the improved offer and the Jameel Group immediately swept into the market, raising its holding from 22 per cent to 29 per cent as 8m shares were traded. Marketmakers suggested that the *deal was likely to go ahead.*

The engineering sector remained dull with few features, apart from IMI which retreated 8 to 209p on turnover of 2m on vague talk that margins at the company's drinks dispensing business were likely to come under pressure.

The building sectors gave way with *hefty* falls throughout the list after initial resilience after the Abbey National mortgage rate rise on Wednesday.

There were two outstanding casualties: Newman Tonks dropped to 171p, before steadying and closing a net 10 down at 174p, after announcing a £32.5m rights issue and the disposal for £10m of its gas controls businesses. The company also revealed that the chief executive is standing down.

Observers of Newman Tonks pointed out that the group now has the resources to launch a £60m cash bid and made reference to the near-5 per cent stake holding in Frederick Cooper.

Shares of Crest Nicholson, the commercial property developer and construction group, tumbled 30 to 160p after announcing disappointing preliminary results and warned *that interim figures for the* current year "will show little if any profit," and that it did "not expect the results for 1990 to approach those for the year under review."

Meyer International eased 6 to 348p and Travis Perkins 2 to 183p; Charterhouse Tilney, the stockbroker, has placed Meyer's 21 per cent stake in Travis with institutional clients.

The Racal twins moved ahead, especially Electronics, after the UK Government said it was holding talks with the group with a view to Racal supplying an integrated voice and data service for Government departments. Analysts said the news had been expected and that a successful deal, despite being worth some £1bn over 10 years, would be earnings dilutive in the short term. *Racal Electronics closed* 7 higher at 231p on 7.9m shares traded, while Racal Telecom edged up 2 to 389p. Goldman Sachs is currently hosting a US roadshow promoting Racal.

British Telecom added 2 at 308p after a presentation in London sponsored by Daiwa Securities.

Gestetner, the office equipment group which on Wednesday refuted market speculation of an impending cash call is now asking shareholders for £65.2m to help finance a US acquisition. The company intends to buy Office Systems Business, an international distributor of office equipment and supplies, for a total of £111.6m and proposes a rights issue, payable in two instalments.

The market was initially *taken aback by the news* and the shares fell to 204p before steadying to close 3 lower on the day at 210p as the market began to diggest the purchase. "The acquisition is a little cracker" enthused Mr Sandy Morris at County NatWest. "It really is such a good fit and puts them in a good position in Europe."

Priest Marians jumped 90 to 265p on news that Grovewood Securities had taken a 13.8 per cent stake, partly by swapping Grovewood shares for Priests' and also by offering to buy at 300p per share. One analyst described the Grovewood stake as an investment, adding that the company's size would make a bid unlikely.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 24

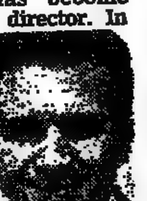
NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (19). BRITISH FUNDS (1) Treas. 3pc 1990, AMERICANS (1) Fluor Corp., ELECTRICALS (1) Hoskyns, FOODS (1) Fisher (A.), INDUSTRIALS (1) Sykone, INSURANCE (1) Dominion & Gen., LEISURE (1) Really Useful, MOTORS (2) Hartwell, Pendragon, PROPERTY (1) Laing Props., TRUSTS (1) M & G Group, WATER (6) Anglian Water, North West Water, Southern Water, South West Water, Welsh Water, Wessex Water, OILS (1) Crossroads Oil.
NEW LOWS (62). FOREIGN BONDS (1) Hydro Quebec 15pc 2011, AMERICANS (1) Gt. American Bk., CANADIANS (4) Breakwater, ECO Corp., Granges, Muscocho, BANKS (2) Banco Santander, Yasuda Tst., BREWERS (3) Devenish (J.A.), Greene King, Wolv. & Dudley, BUILDINGS (8) Crest Nicholson, Do. 5¼pc Pf., Explaura Lim/Vtg., Fed. Housing, Finlan, Graham Wood, CHEMICALS (1) Wolstenholme Rink, STORES (4) Coles Myer, Hampden Homecare, Partidis, Upton & Southern, ELECTRICALS (1) FKI, ENGINEERING (5) AT Tst., Babcock Intl., McKechnie, FOODS (1) Iceland Frozen, INDUSTRIALS (16) Arley, Bear Brand, Beaverco, Billam (J.), Bridon, De La Rue, Eng. China Clays, Norton, Porth, RKF, Reliant, Sale Tilney, Shaw (Arthur), Smiths Inds., Stainless Metalcraft, Stonehill Hldgs., LEISURE (5) Expedier Leis., Leisure Invs., Midsummer Leis., Millwall, TVS Ent. 7.4pc PL, MOTORS (1) Cowie (T.), PAPERS (3) JMD, Saatchi 6.3pc Pf., VPI, PROPERTY (1) Daejan, SHOES (2) Pittard Garnar, Strong & Fisher, TEXTILES (2) Drummond, West Tst., TRUSTS (2) Euro Project, Parrish, MINES (1) Young Group, THIRD MARKET (2) Dana Expln., Sempernova.

APPOINTMENTS

Finance director of Amstrad

AMSTRAD has appointed Mr Peter Thoms as group finance director, succeeding Mr Ken Ashcroft who has become corporate finance director. In this new post Mr Ashcroft will maintain City and banking relations, and act as trouble shooter in cost control and inventories. Mr Thoms joined Amstrad last year from the Gillette Co where he was financial controller, Northern Europe.



■ Mr Peter Matthews, has been made financial director at exhaust manufacturer BOSAL UK. He was company secretary.

■ The newly-created IRON TRADE INSURANCE CO has appointed Mr Ray Hill as managing director, and Mr David Pinnell as general manager (commercial business) and executive director; Mr David Shelley as general manager (personal business); and Mr Joe Hovey as general manager (finance).

■ ISLE OF MAN ASSURANCE GROUP has appointed Mr John C. Cumming, chief executive of NRG UK Holdings, as chairman. Mr Bill Dacombe and Mr Michael Kerruish have joined the board.

■ DAGE, Aylesbury, has promoted Mr Kevin Hannigan, financial director, to managing director.

■ INTERNATIONAL AIRCRAFT SERVICES, an aircraft leasing and financial services group based in Shannon, has appointed two directors at its UK subsidiary Kingsbridge Aviation. They are Mr Sean Kearney, chairman of Aeronautical Resources, and Mr Richard Hames, vice president *corporate affairs, IAS*. They replace Mr David Hamilton who has been promoted to deputy vice president Shannonair Leasing, IAS's operating leasing subsidiary, and Mr Steve Horner who has left the company.

■ BARONSMEAD, a venture capital company, has appointed Mr Andrew Royle and Mr Garry Sharp as executive directors.

■ ATLANTIC COMPUTERS, a wholly-owned subsidiary of British & Commonwealth Holdings, has made the following appointments to its main board. Mr Barry Graham, previously with Hitachi Data Systems, becomes group marketing director; Mr Brian Hanley, previously with Concurrent Computers, becomes chairman and managing director of Atlantic Computer Services, the company's major operating division in the UK; and Mr Barry Simmonds, previously with General Electric, becomes group personnel director.

■ LONDON WEEKEND TELEVISION has appointed Mr Neil Canetty-Clarke as controller of corporate finance.

■ Mr Terry Webb has been appointed managing director of RCB INTERNATIONAL, UK subsidiary of RCB International Inc, Connecticut. He was pension trust manager for IBM UK.

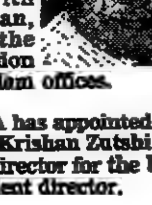
■ Mr Ray O'Brien has been promoted from marketing manager at PLESSEY TELENET to marketing director.

■ Mr Stan Davis has been appointed sales director of BRITMAC ELECTRICAL, a cable management company.

■ GREENINGS has appointed Mr Kevin Yates as sales and marketing director and Mr Peter Foy as works director. The company is part of the C.I. Group.

■ PORT OF BOSTON has elected Mr A.F. Budge as chairman; Mr James S. Sutcliffe as port director; Mr John A. Wiseman as financial director and company secretary; and Mr Richard J. Budge, Mr Andrew Surfleet and Mr Michael A. Yates as directors.

■ Mr Alastair Dales has been appointed general manager responsible for internal audit, NATIONWIDE ANGLIA BUILDING SOCIETY. He was vice president and auditor with J.P. Morgan, covering the bank's London and Amsterdam offices.



■ AIR INDIA has appointed Mr Maharaj Krishan Zutshi as regional director for the UK. He was resident director, Delhi.

■ EDS (ELECTRONIC DATA SYSTEMS) has appointed Mr John Staples director of sales and marketing. He was director of public sector sales.

■ HILLSYDE FOUNDRY STAFFS, Newcastle under Lyme, has appointed Mr Martyn Brookes as finance director, and Mr Terry Jenks as sales and marketing director.

■ BIBENDUM WINE has appointed Mr Michael Saunders as retail sales director; and Mr Victor Cazalet and Mr Jan Pethick as non-executive directors.

■ Mr Robert Lyons has been appointed director, southern region, of HAYS CHEMICAL DISTRIBUTION's packaged products division. He was previously director of Hays' Northern Ireland operation.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1	253	−2	44c	1.4	7.9	9.0
191	134	Abbey National 10p	181	+1	L7.7	2.7	5.7	7.4
*282	120½	Allied Irish Ord	254	....	‡Q68%	3.3	3.2	13.1
£13¼	£11⅛	Algemene Fl 10	£11⅞	−⅛	Q28%	2.0	7.6	6.5
*85	62	Anglo Irish	85	....	Q18.7%	2.7	5.2	11.6
81	57	Ansbacher (H.) 1p	76	....	2.0	−	3.5	−
£72¼	£38¾	Bancaire Cie Fr100	£57⅛	....	Q12½%	−	2.3	−
£46¾	£35¾	Banco Bilbao Viz.	£39¼	−¼	Q35.7%	2.0	3.5	14.4
£33	£25¼	Banco de Santander	£25¼	−⅞	Q21%	◆	3.3	◆
*286	169	Bank Ireland Ir£1	264	+5	Q12.3%	3.2	4.4	9.0
£19½	£17½	Bank Leumi	£19½	....	−	−	−	−
350	345	Bank Leumi (U.K.)	345	....	†13.5	−	5.2	−
125	88	Bank Scotland	120	+3	†3.8	3.6	4.2	8.7
111¼	95½	Do. 9¼pc Irrd Pf	97½	−½	9¼%	−	12.6	−
*67	49	Bank of Wales	52	....	2.8	1.6	7.2	10.9
*588	404	Barclays £1	546	−4	†23.0	3.5	5.6	6.2
31	19	Benchmark 20p	20	....	1.63	1.0	10.8	11.5
363	285	Brown Shipley £1	314	−1	†10.5	−	4.5	−
455	325	Cater Allen £1	417	....	23.5	−	7.5	−
259	157	Chancery	172	....	18.0	2.8	6.2	7.6
£23¾	£14½	Commerzbk DM10	£21¼	−¼	Q18%	−	3.1	−
*£29	£22⅞	C'hgn. Hbk. Kr100	£25⅝	....	Q15%	−	5.6	−
£16⅞	£10⅛	Dai Ichi KBk Y50	£11⅞	....	‡Q16%	8.8	0.3	40.4
£314¼	£156¼	Deutsche Bk DM50	£280⅞	−1½	Q24%	−	1.5	−
£22¼	£17⅝	Espirito Santo	£19½	....	Q75c	3.3	2.3	13.3
260	182	First Nat. Fin. 10p	218	....	13.0	2.4	8.0	6.7
134	90	FNFC 6.3pc Cv. Pf	113	−2	6.3%	−	7.4	−
£16⅝	£13½	Fuji Bank Y50	£14¾	+¼	Q15.6%	4.2	0.2	−
325	230	Gerrard & National	281	....	18.5	−	8.8	−
154	118	Guinness Mahon 10p	154	....	†2.1	−	1.8	−

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1989/90 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£17¾	£10⅛	DAF N.V. Fl1.5		£18⅛	+⅛	H02.5	1.8	6.8	8.2
162	113	General Mtrs Units.		127	–1	H02¼%	–	5.9	–
906	264	Jaguar	ɑ	849	.....	¢11.0	0.5	1.7	–
*61½	27	March Group 5p.	γ	41	.....	sq0.64	–	‡	–
£207	£94½	Volkswagen DM50		£195⅛	–⅞	Q20%	2.8	1.7	20.8
£51⅛	£33½	Volvo Kr25		£41¼	.....	Q56%	3.1	3.2	10.5

Commercial Vehicles

1989/90 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*509	228	ERF (Hldgs)	γ	233	+2	15.0	3.7	8.6	4.2
*245	166	Plaxton Grp	γ	178	.....	H8.5	2.1	6.7	17.3

Components

1989/90 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
438	375	Abbey Panels		438	.....	3.5	10.8	1.1	11.6
290	185	Airflow Streamlines.	γ	225	.....	6.0	4.2	3.6	9.0
208	143	Bostrom 5p	γ	190	.....	15.1	10.6	3.6	9.2
299	207	Dowty 50p	β	209	.....	t8.0	2.3	5.1	11.0
261	176	FR Group	β	178	+2	t5.54	3.7	4.1	8.8
*174	100	Kwik-Fit Hldgs. 10p	β	105	.....	2.4	2.8	3.0	15.6
*725	509	Lucas Inds. £1	ɑ	599	+3	25.0	2.9	5.6	7.0
*62	14	Spice 5p	γ	14	.....	tg1.2	0.4	‡	–

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

WATER

For other Water issues see London Recent Issues

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

Miscellaneous

THIRD MARKET

1989/90 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*17½	5	Stats Hldgs. 5p		5½	.....	–	–	–	13.0
*3¼	1¼	Swanyard Studios 1p	γ	1½	.....	–	–	–	7.2
50	28	Tavern Leis. 20p	ɑ	30	.....	♦	–	–	–
115	28	Toppertons Leisure 20p	γ	79	–5	–	–	–	30.1
113	35	UPL Group 10p	γ	55	+2	¢2.75	1.9	6	10.4
150	128	Unit. Group	γ	141	.....	5.0	3.3	4.7	8.0
100	66	Video Magic Leis. 1p	γ	66	.....	W2.0	0.7	3.1	68.9
14	4	Vista Ents 5p	γ	4½	+½	–	–	–	–
40	15	Vizcaya Hldgs 5p	γ	18	.....	–	–	–	–
46½	23	Whitegate Leisure 20p	γ	37	.....	0.25	♦	0.9	♦
32½	10	Do. Wrrnts	γ	24	.....	–	–	–	–
10¼	4¼	Wilton Group 1p	γ	4½	.....	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: ɑ Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- # USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	γ	83	.....
Craig & Rose £1	γ	830	.....
Finlay Pkg. 5p	γ	58	.....
Holt (Jos) 25p	γ	1340	.....

IRISH

Cap. 8½% Ln. 1991	£96¼	–½
9pc Cap Ln. 1996	£91¾	–¼
Fin. 13% 97/02	£110½	.....
Arnotts	405	.....
Carrol (P.J.)	160	–1
Hall (R. & H.)	197	.....
Helton Hldgs.	100	.....
IRG	210	.....
United Drug	166	+3

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	21
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	15
Sears	9
Smh. Beecham A.	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	25
T&N	26½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm.	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	33
RTZ	45

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

Buckmaster Mangmt Co Ltd (1200)H

The Stock Exchange, London EC2P 2JT

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Grth	5	61.50	63.05	66.90	----	2.70
(Accum Units)	5	63.76	65.30	69.28	----	2.70
Fellowship Tst	5	62.49	62.49	66.08	----	[illegible]
(Accum Units)	5	64.79	64.79	68.52	----	[illegible]
General Inc	5	291.4	291.4	308.2	----	[illegible]
Income	5	159.0	160.3	170.1	----	[illegible]
(Accum Units)	5	315.2	317.7	337.1	----	[illegible]
International	5	108.7	108.7	115.0	----	1.65
(Accum Units)	5	149.4	149.4	158.0	----	[illegible]
Smaller Co's	5	106.8	108.7	115.3	----	2.14
(Accum Units)	5	118.6	120.5	127.9	----	2.14
Inv Portfolio	2½	53.34	54.19	55.87	----	[illegible]
(Accum Units)	2½	55.92	56.81	58.57	----	[illegible]
High Income Port	3	47.37	48.04	49.78	----	[illegible]

CCF Foster Braithwaite UT Mngt (1100)F

1 White Hart Yard, London SE1 1NX

CCL Unit Trusts Ltd (1400)F

74 Shepherds Bush Green, W12 8SD 01-740 7070

CIBC Unit Tst Managers plc (1200)H

CIS Unit Managers Ltd (1000)F

GUIDE TO UNIT TRUST PRICING

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	47.20	48.22	51.42	+0.16	1.05
(Accum Units)	5	48.57	49.62	52.92	+0.17	1.05
European Opps	5	70.75	71.08	75.81	-0.47	0.00
(Accum Units)	5	71.14	71.47	76.22	-0.48	0.00
Far Eastern Opps	5	137.45	137.67	146.84	+0.49	0.00
(Accum Units)	5	138.37	138.55	147.78	+0.49	0.00
Golden Opps	5	46.16	46.16xd	49.23	-0.41	0.00
(Accum Units)	5	47.48	47.48xd	50.64	-0.42	0.00
Int'l Hi-Yield	5	57.64	58.15xd	62.01	+0.12	4.43
(Accum Units)	5	62.58	63.12xd	67.32	+0.13	4.43
Sanyo Japan Tst	5	72.86	72.86	77.71	+0.23	0.00
(Accum Units)	5	72.86	72.86	77.71	+0.23	0.00
Kangaroo	5	32.61	32.61	34.77	-0.27	1.50
(Accum Units)	5	32.79	32.79	34.97	-0.27	1.50
Oriental Income	5	34.32	34.32	36.60	+0.17	5.12
(Accum Units)	5	38.47	38.47	41.03	+0.19	5.12
Pacific Technology	5	59.91	59.91	63.89	+0.35	0.00
(Accum Units)	5	60.39	60.39	64.41	+0.36	0.00
Tiger	5	148.29	148.65	158.55	....	0.71
(Accum Units)	5	150.60	150.95	161.01	....	0.71
UK Hi-Yield	5	43.47	43.47	46.35	....	4.92
(Accum Units)	5	49.70	49.70	53.00	....	4.92
UK Opps	5	55.46	56.84	60.79	....	1.66
(Accum Units)	5	60.14	61.64	65.92	....	1.66
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Rd, Washington NE37 2SH 091 415 3094						
Balanced Portfolio	6	92.99	94.16	100.17	+0.23	4.00
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing – 12 Noon Historic						
TR American Gwth	5¼	44.20	44.20	47.14	-0.16	0
TR Eur Sp Sits Acc	5¼	40.93	40.93	43.61	-0.09	0
TR Eur Sp Sits Inc	5¼	40.14	40.14	42.77	-0.08	0
TR General Growth	5¼	74.34	74.34xd	79.08	+0.06	2.83
TR Global Tech	5¼	70.38	70.38	75.07	+0.07	0
TR Income Growth	5¼	87.11	[illegible]	[illegible]	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
J. Rothschild Fund Managers Ltd				
Intl Europe	143.3	147.0	....	1.42
Stewart Ivory & Co Ltd				
Saints PPP Jan 21	264.6	278.6	....	–
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Feb 15	101.73	107.01xd	-0.41	3.84
(Accum Units)	102.35	108.47xd	-0.41	3.84
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1087	1101	-44	1.64
TR Exempt Nth Amer	896	912	-2	3.58
TR Exempt Pac Basin	999	1012	+6	0

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Feb 9	–	173.3	....	–
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	301.4	317.3	....	–
Equity Ser. 1	132.2	139.2	-1.1	–
Prop. Acc. Ser 2	464.7	489.2	....	–
Equity Ser 2	153.3	161.4	-1.3	–
Selective Acc	346.6	364.9	-1.4	–

OTHER UK UNIT TRUSTS

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Cautionary	105.1	110.7	+0.3	–
Managed Growth	140.7	148.2	.....	–
Managed Opportunity	144.9	152.6	+0.1	–
NFMC Target Financial	102.1	107.5	+1.1	–
Pension Funds				
Managed Cautionary	109.7	115.5	+0.3	–
Managed Growth	145.0	152.7	–0.1	–
Managed Opportunity	148.0	155.8	.....	–
NFMC Target Mngd Pen	1527.8	1608.3	+4.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fund	225.9	237.8	.....	–
Managed Prospect Fund	189.6	199.6	.....	–
Pens Managed	287.1	302.3	.....	–
Pens UK Equity	344.1	362.3	.....	–
Pens Overseas Equity	377.9	397.8	.....	–
Pens Property	161.6	170.2	.....	–
Pens Fixed Interest	177.1	186.5	.....	–
Pens Index Linked	145.9	153.6	.....	–
Pens Deposit	189.2	199.2	.....	–
Harvester & P.R.P.				
UK Equity	150.3	158.3	.....	–
Overseas Equity	135.2	142.4	.....	–
Fixed Interest	121.1	127.5	.....	–
Property	134.5	141.6	.....	–
Index Linked	132.5	139.5	.....	–
Deposit	131.2	138.2	.....	–
Managed	144.6	152.3	.....	–
With Profits	134.7	141.9	.....	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	342.8	360.9	–0.2	–
UK Equity	441.0	464.3	–0.4	–
Overseas Eq	350.0	368.5	+0.7	–
American	253.7	267.1	+0.1	–
Far East	406.0	427.4	+2.9	–
Property	220.1	231.7	+0.1	–
Fixed Int	219.3	230.9	–1.6	–
Indexed Gilt	137.7	145.0	–0.7	–
Deposit	159.4	167.8	.....	–
Pension Fund (Accum Units)				
Managed	461.7	486.1	–0.4	–
UK Equity	547.0	575.8	–0.4	–
Overseas Eq	566.5	596.4	+0.5	–

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Property Initial		168.8	+0.1	–
Money Initial		78.6	+0.2	–
Special Market Initial		138.3	+0.3	–
Japan Equity Initial		116.3	+0.2	–
North American Initial		79.8	+0.2	–
Pacific Initial		81.0	–0.3	–
Technology Initial		105.6	–0.3	–
Nat Resources Initial		56.7	–0.3	–
European Initial		101.1	.....	–
Residential Prop Init		103.6	.....	–
Swiss Equities Initial		35.8	+0.2	–
Hong Kong Initial		46.5	+0.5	–
UK High Inc Eq Init		69.1	–0.2	–
Int Fixed Interest Init		49.5	+0.1	–
Int Managed Init		55.7	–0.1	–
HIP Managed Init		114.3	.....	–
Broker Funds				
High Performance	74.9	79.0	–0.2	–
Towerhill Mngd Fd Acc	52.2	55.0	+0.1	–
YRA Executive Fd	91.7	96.7	–0.1	–
£ Global Growth Acc	130.5	137.6	.....	–
£ High Income Money Acc	111.4	117.7	.....	–
IM Balanced		55.2	–0.3	–
H.F. Speculator Fd		152.8	–0.7	–
PEP Acorn II		124.8	–0.3	–
PEP Cautionary		94.7	.....	–
AAFS Int Man Fund		121.0	+0.5	–
Andrews-Green Int Port		105.3	.....	–
Individual Pension Funds				
UK Equity Acc	224.4	236.8	–2.1	–
UK Fixed Interest Acc	178.2	188.0	+0.7	–
Intl Equities Acc	240.4	253.6	–0.7	–
UK Managed Acc	182.5	192.5	–0.4	–
Property Acc	212.0	223.7	–0.1	–
Money Acc	135.1	142.6	.....	–
Special Market Acc	279.0	294.4	+0.4	–
Japan Equity Acc	242.2	255.5	+1.9	–
North American Acc	123.5	130.3	+0.3	–
Pacific Acc	199.1	210.1	+0.5	–
Technology Acc	178.7	188.6	–0.8	–
Natural Resources Acc	111.6	117.8	–0.6	–
European Acc	133.4	140.8	–0.4	–
Residential Prop Acc	113.6	119.9	.....	–
Swiss Equities Acc	36.9	39.0	+0.2	–
Hong Kong Acc	48.2	50.9	+0.6	–
UK High Inc Equ Acc	76.5	80.8	–0.3	–
Int Fixed Interest Acc	52.6	55.5	+0.1	–
Int Managed Acc	58.9	62.1	–0.1	–
Group Pension Funds				

Royal Heritage Life Assurance Ltd — Contd.

Shield Assurance Ltd

Scandia Life Assurance Co Ltd

Sun Alliance Group

Tunbridge Wells Equitable

Skarra (Albert E.) & Co.

Royal Bank of Canada Funds

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

IOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Luxembourg SA						
23 Rue des Bruyeres L-1274 Howald Lux 010 352 491841						
Gartmore Portfolio Fund						
Nth Amer Equity	$-		1.97			-
British Equity	£-		2.01			-
Nordic Equity	SKr-		10.92		+0.02	-
Cont'l European Equity	DM-		16.73		+0.04	-
Japan Equity	Y-		543.00		+4.00	-
Pacific Equity	Y-		380.00		+8.00	-
Developing Mkts	£-		1.01			-
Natural Resources	$-		2.09			-
W'wide Recovery	$-		1.59		-0.01	-
Intl Equity	$-		1.35			-
Dollar Bond	$-		1.97			-
Sterling Bond	£-		1.00			-
European Currency Bond	Ecu-		1.46			7.43
Intl Conv Bond	$-		2.09			-
Dollar Reserve	$-		2.03			-
Sterling Reserve	£-		1.05			-
Deutschmark Reserve	DM-		5.05			-
Yen Reserve	Y-		505.00			-
Henderson Management SA						
21-25 Allee Scheffer L-2520 Luxembourg 01-638 5757 or 010-352 462232						
Henderson Horizon Fund						
Japanese Portfolio		$-	15.36	16.22	+0.12	-
Japan Smllr Cos P'flio		$-	22.78	24.06	+0.12	-
Pacific Portfolio		$-	12.15	12.85	+0.04	-
Nth American P'folio		$-	4.58	4.85	+0.02	-
European Portfolio		$-	8.73	9.23	+0.06	-
UK Portfolio		$-	6.09	6.45	-0.03	-
Global Portfolio		$-	9.86	10.41	+0.05	-
Fixed Int Portfolio		$-	9.15	9.61	-0.05	-
Int Cns Portfolio		$-	-			-
Dollar Liquidity P'folio		$-	0.8527	0.8549		-
Stlg Liquidity P'folio		£-	1.1665	1.1695		-
Hill Samuel Investment Services Intl SA						
Marktgasse 63/65, 3001 Berne, Switzerland 224051						
Hill Samuel Global Portfolio						

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Fund Managers - Contd.				
Lazard Japan Fund	$61.68	65.95		-
Lazard Nth Am.	$20.14	21.44		1.0
Lazard Sel Port £ Cap.	£14.08	15.21		-
Lazard Sel Port £ Inc.	£9.17	9.66		12.6
Lazard Sel Port $ Cap.	$13.69	14.73		-
Lazard Sel Port $ Inc.	$8.49	8.96		8.0
Lazard U.K.	£1.302	1.368		3.0
M & G Island Fund				
Island	668.79	705.6	-2.1	2.87
(Accum Units)	1295.9	1373.7	-3.9	2.87
NM Financial Mgmt Intl Ltd				
Mngd. Currency	£6.545	6.877	-0.005	6.05
NM Portfolio Selection Fund Ltd				
Conscience	£1.060	1.127	-0.004	1.35
Far East Groth.	$1.400	1.489	+0.003	0.00
Smaller Co's	£0.990	1.053	+0.004	1.12
Special Sits.	£0.987	1.050	-0.001	0.76
Intl Bond	$0.893	0.950	-0.002	6.28
American Fund	$1.899	2.020	+0.004	2.36
American Smaller Cos	$1.162	1.236	+0.004	0.00
Australian Fund	£1.599	1.701	+0.003	1.81
British Fund	£1.534	1.631	+0.003	5.35
European Fund	£2.184	2.323		0.90
Gold Fund	£0.806	0.857	-0.008	0.00
Hong Kong Fund	£1.597	1.698	+0.024	5.64
International Fund	£1.442	1.533	+0.007	0.33
Japanese Fund	£3.134	3.333	+0.019	0.00
Japan Smaller Cos.	£5.401	5.745	+0.006	0.00
Singapore & Malaysian	£1.539	1.637	+0.008	0.00
Dollar Fixed Interest	$0.994	1.057	-0.001	6.91
Sterling Fixed Int.	£0.902	0.959	-0.002	11.48
Deutschmark Currency		DM5.025		2.36
Dollar Currency		$1.001		4.91
Sterling Currency		£1.030		10.48
Yen Currency		Y200.7		1.40
Managed Currency	£0.992	1.055		6.94
Nikko Capital Mngt (Europe) Ltd				

Save & Prosper International

Schroder Mngt Services (Jersey) Ltd

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fd Ltd

Yamaichi 1992 DM/$ Fund SICAV

DUBLIN (**)

OFFSHORE INSURANCES

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up ahead of trade data

THE FOREIGN exchange market remained quiet yesterday. Lack of fresh political developments turned attention back towards economic fundamentals, and particularly today's news on US trade in December. Economists expect an improvement on the November deficit of $10.5bn and this underpinned the dollar yesterday.

Mild winter weather led to a surprisingly sharp rise of 29.6 per cent in January US housing starts. This was the largest monthly increase since records began in 1959, but the weather factor meant the dollar gained only slight support. Concern about the safety of US President George Bush, at his meeting in Colombia to discuss the drugs problem with South American leaders, added a note of nervousness to trading.

At the close in London the dollar had advanced to DM1.6805 from DM1.6715; to Y144.40 from Y144.25; to SFr1.4945 from SFr1.4920; and to FFr5.7125 from FFr5.6850. According to the Bank of England the dollar's index rose to 67.1 from 67.0.

The D-Mark was slightly weaker overall, drifting quietly as the market waited for further moves on German unity. It fell to L742.05 from L742.75 against the Italian lira at the London close. The lira was again the strong member of the European Monetary System, while the French franc was the weakest. The two currencies stayed within their cross rate limit however. A decline of the D-Mark against the franc helped keep pressure off the system. The West German currency eased to FFr3.3990 from FFr3.4010, in spite of a widening of the French current account deficit to FFr5.1bn in December from a revised FFr1.1bn in November.

Sterling was generally firm, supported by comments from the UK Prime Minister and the Chancellor of the Exchequer, reaffirming the Government's determination to reduce inflation..

The pound eased 30 points to $1.6935 and to Y244.50 from Y244.75, but was unchanged at SFr2.5300 and rose to DM2.8450 from DM2.8350 and to FFr9.6750 from FFr9.6450. Sterling's index rose 0.2 to 89.6.

The Australian dollar shrugged off another easing of monetary policy by the Reserve Bank of Australia. In Sydney the local currency touched a low of 73.93 US cents after the authorities announced another cut of ½ per cent in interest rates. The central bank said the reduction reflected a slowdown in domestic demand, but the move was widely regarded as political. Speculation increased that Australian Prime Minister, Mr Bob Hawke, will soon call an election. It must be held by May 12.

At the close in Sydney the Australian dollar had rebounded to 74.75 cents, and later in London rose to 75.05 cents, from 74.55 cents on Wednesday.

The South African financial rand improved in nervous trading. The dollar fell to R3.6425 from R3.77 in London.

£ IN NEW YORK

Feb.15	Latest	Previous Close
£ Spot	1.6915-1.6925	1.6955-1.6960
1 month	0.87-0.86pm	0.87-0.86pm
3 months	2.72-2.69pm	2.69-2.66pm
12 months	9.40-9.30pm	9.65-9.58pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.15	Previous
8.30 am	89.6	89.5
9.00 am	89.6	89.4
10.00 am	89.6	89.4
11.00 am	89.6	89.4
Noon	89.6	89.4
1.00 pm	89.6	89.5
2.00 pm	89.6	89.4
3.00 pm	89.7	89.4
4.00 pm	89.6	89.4

CURRENCY RATES

Feb.15	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling ‖	-	1.27479	1.39329
U.S Dollar	7	1.32790	1.21633
Canadian $	12.29	1.60264	1.46872
Austrian Sch.	6½	15.6679	14.3661
Belgian Franc	10½	46.4997	42.6689
Danish Krone	10½	8.59019	7.87757
Deutsche Mark	6.00	2.22490	2.04064
Neth. Guilder	7.00	2.50774	2.29959
French Franc	10¼	7.56837	6.93977
Italian Lira	13½	1652.93	1515.43
Japanese Yen	4¼	191.616	175.662
Norway Krone	8	8.58487	7.86844
Spanish Peseta	-	144.816	131.887
Swedish Krona	9½	N/A	7.48043
Swiss Franc	6.00	1.98654	1.81720
Greek Drach.	20½	210.298	192.363
Irish Punt	-	0.83832	0.769683

‖ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculation.
* All SDR rates are for Feb.14

CURRENCY MOVEMENTS

Feb.15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	89.6	-21.9
U.S Dollar	67.1	-10.8
Canadian Dollar	100.6	-2.2
Austrian Schilling	109.9	+12.2
Belgian Franc	109.9	-3.2
Danish Krone	109.2	+3.9
Deutsche Mark	118.8	+25.3
Swiss Franc	108.5	+16.6
Guilder	114.8	+16.6
French Franc	103.5	-12.5
Lira	100.3	-18.7
Yen	129.0	+60.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Feb.14.

OTHER CURRENCIES

Feb.15	£	$
Argentina	4858.90-4878.75	2870.00-2880.00
Australia	2.2545-2.2565	1.3315-1.3325
Brazil	41.0110-41.0355	24.2240-24.2345
Finland	6.6880-6.7090	3.9475-3.9575
Greece	265.75-270.25	156.90-159.50
Hong Kong	13.2185-13.2315	7.8075-7.8095
Iran	117.00*	69.25*
Korea(Sth)	1159.55-1178.25	686.90-692.30
Kuwait	0.49150-0.49260	0.29020-0.29070
Luxembourg	59.40-59.50	35.05-35.15
Malaysia	4.5655-4.5770	2.6985-2.7005
Mexico	4615.10-4625.15	2726.00-2730.00
N. Zealand	2.8880-2.8930	1.7055-1.7085
Saudi Ar.	6.3515-6.3560	3.7500-3.7510
Singapore	3.1540-3.1610	1.8630-1.8650
S. Af (Cm)	4.3060-4.3170	2.5450-2.5465
S. Af (Fn)	6.1145-6.2270	3.6100-3.6765
Taiwan	44.20-44.30	26.10-26.15
U.A.E.	6.2195-6.2240	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Feb 15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞-14¾	14⅞-14¾	15⅛-15	15¼-15⅛	15⅜-15¼	15⅜-15¼
US Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅜-8¼	8½-8⅜	8⅝-8½
Can. Dollar	12¾-12½	12⅞-12¾	12⅞-12¾	12¾-12⅝	12½-12⅜	12¼-12
D. Guilder	9-8¾	9⅛-8⅞	9-8¾	9⅛-9	9¼-9⅛	9⅜-9¼
Sw. Franc	9-8¾	9-8¾	9⅛-9	9¼-9⅛	9⅜-9¼	9⅝-9½
Deutschmark	7¾-7½	7¾-7⅝	8¼-8⅛	8⅜-8¼	8⅝-8½	9¼-9
Fr Franc	10¾-10½	10⅝-10½	10⅞-10¾	11¼-11⅛	11⅜-11¼	11½-11⅜
Italian Lira	13-11	13½-12½	13½-12½	13½-12⅞	13½-12⅞	13⅞-13⅜
B. Fr (Fin)	10⅜-10¼	10⅜-10¼	10½-10⅜	10⅝-10½	10⅞-10¾	11-10⅞
B. Fr. (Con)	10⅛-9⅞	10⅜-10¼	10½-10⅜	10⅝-10½	11-10⅞	11⅛-10⅞
Yen	6⅞-6¾	6⅞-6¾	6⅞-6¾	7⅛-7	7¼-7⅛	7½-7⅜
D.Krone	12⅛-11⅞	12⅜-12⅛	12⅜-12⅛	12⅜-12⅛	12⅜-12⅛	12⅜-12⅛
Asian $Sing	8¼-8⅛	8⅜-8¼	8⅜-8¼	8⅜-8¼	8½-8⅜	8⅝-8½

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Feb.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6915-1.6960	1.6930-1.6940	0.87-0.85cpm	6.09	2.72-2.69pm	6.39
Canada	2.0395-2.0465	2.0410-2.0420	0.35-0.29cpm	1.88	1.12-0.99pm	2.07
Netherlands	3.20-3.21	3.20-3.21	1½-1¼cpm	5.38	4⅛-4pm	5.62
Belgium	59.30-59.65	59.40-59.50	22-20cpm	4.24	65-61pm	4.24
Denmark	10.95½-10.99½	10.97¼-10.98¼	2½-2⅛orepm	2.53	7½-6¾pm	2.41
Ireland	1.0650-1.0785	1.0725-1.0735	0.30-0.25cpm	3.08	0.95-0.85pm	3.36
W. Germany	2.84-2.85	2.84¼-2.84¾	1½-1⅜pfpm	6.06	4½-4¼pm	6.86
Portugal	249.40-251.55	250.20-251.20	2-15cdis	-0.41	97-141dis	-1.90
Spain	183.40-184.15	183.40-183.70	11-5cpm	0.52	15-parpm	0.16
Italy	2109¼-2116¼	2111¼-2112¼	4-3lirepm	1.99	11-9pm	1.89
Norway	10.95½-10.98¼	10.96-10.97	3½-2½orepm	3.42	9¼-9⅛pm	3.42
France	9.65¼-9.68¼	9.67-9.68	3¼-3cpm	3.80	8⅞-8½pm	3.62
Sweden	10.36½-10.40¼	10.39¼-10.40¼	N/A	N/A	N/A	N/A
Japan	244-245	244-245	1⅝-1½ypm	7.67	4⅝-4½pm	7.46
Austria	19.98-20.08	20.01-20.04	10¾-10½gropm	6.29	31⅞-29⅛pm	6.10
Switzerland	2.52½-2.53⅛	2.52½-2.53⅛	1½-1⅛cpm	6.04	3¾-3⅝pm	6.24
ECU	1.3900-1.3950	1.3940-1.3950	0.45-0.42cpm	3.74	1.28-1.23pm	3.60

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 59.40-59.50 Six-month forward dollar 5.28-5.23cpm 12 months 9.60-9.50cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6915-1.6960	1.6930-1.6940	0.87-0.85cpm	6.09	2.72-2.69pm	6.39
Ireland†	1.5775-1.5815	1.5800-1.5810	0.42-0.37cpm	3.01	1.46-1.36pm	3.58
Canada	1.2035-1.2095	1.2055-1.2065	0.42-0.44cdis	-4.27	1.32-1.37dis	-4.46
Netherlands	1.8835-1.8950	1.8920-1.8930	0.10-0.12cdis	-0.70	0.35-0.40dis	-0.79
Belgium	35.00-35.15	35.05-35.15	3.00-9.00cdis	-2.05	14.00-24.00dis	-2.16
Denmark	6.46¼-6.49	6.48¼-6.48¾	1.85-2.05oredis	-3.61	6.30-6.80dis	-4.04
W. Germany	1.6745-1.6820	1.6800-1.6810	0.02dis-parpm	-0.07	0.11-0.14dis	-0.30
Portugal	147.75-148.05	147.95-148.05	75-85cdis	-6.49	300-325dis	-8.45
Spain	108.25-108.65	108.50-108.60	49-52cdis	-5.59	168-176dis	-6.34
Italy	1245-1248½	1246¾-1247¼	3.00-5.00liredis	-3.85	12.00-16.00dis	-4.49
Norway	6.46¼-6.48	6.47¼-6.47¾	1.30-1.55oredis	-2.64	4.75-5.15dis	-3.06
France	5.69¼-5.71¾	5.71-5.71½	1.08-1.11cdis	-2.30	3.94-4.01dis	-2.79
Sweden	N/A-N/A	6.13¾-6.14¼	N/A	N/A	N/A	N/A
Japan	144.25-144.55	144.35-144.45	0.17-0.16ypm	1.37	0.39-0.36pm	1.04
Austria	11.79¾-11.85¼	11.82¼-11.82¾	0.30dis-0.10gropm	-0.26	0.55-1.75dis	-0.39
Switzerland	1.4915-1.4975	1.4940-1.4950	0.08-0.12cdis	-0.80	0.38-0.45dis	-1.11
ECU	1.2130-1.2175	1.2145-1.2155	0.25-0.24cpm	2.42	0.88-0.85pm	2.85

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.05-35.15.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.6689	+1.19	+1.19	±1.5508
Danish Krone	7.79845	7.87757	+1.01	+1.01	±1.6453
German D-Mark	2.04446	2.04064	-0.19	-0.19	±1.1762
French Franc	6.85684	6.93977	+1.21	+1.21	±1.3618
Dutch Guilder	2.30358	2.29959	-0.17	-0.17	±1.5272
Irish Punt	0.763159	0.769683	+0.85	+0.85	±1.6689
Italian Lira	1529.70	1515.43	-0.93	-0.93	±1.5162
Spanish Peseta	132.889	131.887	-0.75	-0.75	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb.15	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.694	2.845	244.5	9.675	2.530	3.205	2112	2.042	59.45
$	0.590	1	1.679	144.3	5.711	1.494	1.892	1247	1.205	35.09
DM	0.351	0.595	1	85.94	3.401	0.889	1.127	742.4	0.718	20.90
YEN	4.090	6.928	11.64	1000.	39.57	10.35	13.11	8638	8.352	243.1
F Fr.	1.034	1.751	2.941	252.7	10.	2.615	3.313	2183	2.111	61.45
S Fr.	0.395	0.670	1.125	96.64	3.824	1	1.267	834.8	0.807	23.50
H Fl.	0.312	0.529	0.888	76.29	3.019	0.789	1	659.0	0.637	18.55
Lira	0.473	0.802	1.347	115.8	4.581	1.198	1.518	1000.	0.967	28.15
C $	0.490	0.830	1.393	119.7	4.738	1.239	1.570	1034	1	29.11
B Fr.	1.682	2.849	4.786	411.3	16.27	4.256	5.391	3553	3.436	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
83	3-36	4-59	0	0-25
84	2-38	4-03	0-02	0-33
85	1-41	3-20	0-05	0-50
86	0-54	2-38	0-18	1-04
87	0-21	2-00	0-49	1-30
88	0-07	1-32	1-35	1-62
89	0-03	1-07	2-31	2-37
90	0-01	0-52	3-29	3-18

Estimated volume total, Calls 1335 Puts 1677
Previous day's open int. Calls 26764 Puts 18743

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
90	3-56	4-15	0	0-31
91	2-57	3-25	0-01	0-41
92	1-58	2-46	0-02	0-62
93	0-61	2-05	0-05	1-21
94	0-15	1-32	0-23	1-48
95	0-03	1-05	1-11	2-21
96	0-01	0-48	2-09	3-00
97	0-01	0-33	3-09	3-49

Estimated volume total, Calls 375 Puts 170
Previous day's open int. Calls 10027 Puts 5130

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8100	1.87	2.65	0.04	1.08
8150	1.41	2.34	0.08	1.27
8200	0.98	2.05	0.15	1.48
8250	0.62	1.78	0.29	1.71
8300	0.28	1.53	0.45	1.96
8350	0.17	1.33	0.84	2.26
8400	0.09	1.12	1.26	2.55
8450	0.03	0.96	1.70	2.89

Estimated volume total, Calls 5524 Puts 3084
Previous day's open int. Calls 50638 Puts 42563

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
145	24.40	24.40	0	0
150	19.40	19.40	0	0
155	14.40	14.40	0	0.02
160	9.40	9.40	0	0.20
165	4.40	4.55	0	1.05
170	0	1.76	0.60	3.28
175	0	0.47	5.60	6.97
180	0	0.08	10.60	11.50

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 45 Puts 1

LIFFE EURODOLLAR OPTIONS $1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9075	0.91	0.92	0	0.05
9100	0.66	0.70	0	0.08
9125	0.42	0.51	0.01	0.14
9150	0.19	0.33	0.03	0.21
9175	0.04	0.20	0.13	0.33
9200	0.02	0.12	0.36	0.50
9225	0.01	0.06	0.60	0.69
9250	0	0.03	0.84	0.91

Estimated volume total, Calls 0 Puts 100
Previous day's open int. Calls 6067 Puts 7913

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8400	0.93	1.28	0.01	0.06
8425	0.69	1.06	0.02	0.09
8450	0.46	0.85	0.04	0.14
8475	0.25	0.67	0.08	0.20
8500	0.08	0.48	0.16	0.26
8525	0.04	0.34	0.37	0.37
8550	0.02	0.23	0.60	0.51
8575	0.01	0.15	0.84	0.69

Estimated volume total, Calls 2097 Puts 620
Previous day's open int. Calls 57621 Puts 31571

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	86-18	87-07	86-13	87-12
Jun	87-17	87-30	87-16	88-12
Sep				

Estimated volume 22915 (22448)
Previous day's open int. 39522 (37801)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	93-28	94-08	93-28	94-15
Jun	93-24	-	-	94-11
Sep				

Estimated volume 2944 (2324)
Previous day's open int. 5601 (5946)

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	82.63	83.02	82.59	83.18
Jun	82.57	82.80	82.37	83.05
Sep	82.81	-	-	83.30

Estimated volume 16513 (6677)
Previous day's open int. 56896 (54684)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	96.01	96.08	96.00	95.99
Jun	95.86	95.98	95.85	95.82

Estimated volume 327 (390)
Previous day's open int. 1859 (923)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
Mar	84.92	84.92	84.89	84.91
Jun	85.22	85.24	85.18	85.23
Sep	85.83	85.88	85.82	85.90
Dec	86.34	86.36	86.34	86.43
Mar	86.80	86.82	86.79	86.88
Jun	87.18	87.81	87.16	87.26
Sep	87.53	87.55	87.53	87.61
Dec	87.83	87.84	87.79	87.87

Est. Vol. (inc. figs. not shown) 32670 (30931)
Previous day's open int. 155180 (153346)

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
Mar	91.66	91.66	91.65	91.70
Jun	91.62	91.66	91.60	91.69
Sep	91.56	91.58	91.55	91.62
Dec	91.36	91.38	91.36	91.42
Mar	91.28	-	-	91.34
Jun	91.20	-	-	91.26
Sep	91.17	-	-	91.22
Dec	91.10	-	-	91.16

Est. Vol. (inc. figs. not shown) 4678 (6938)
Previous day's open int. 40597 (39790)

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
Mar	91.19	91.22	91.15	91.30
Jun	90.92	90.94	90.88	90.99
Sep	90.89	90.91	90.85	90.92
Dec	90.91	90.93	90.88	90.95
Mar	91.07	91.07	91.07	91.09
Jun	91.10	91.10	91.11	91.16
Sep	91.17	91.18	91.17	91.22
Dec	91.24	-	-	91.30

Estimated volume 9000 (16642)
Previous day's open int. 47410 (46721)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	88.59	88.59	88.57	88.62
Jun	88.62	88.66	88.60	88.67
Sep	88.87	88.87	88.82	88.91
Dec	89.05	-	-	89.07

Estimated volume 500 (341)
Previous day's open int. 2477 (2419)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Mar	2328.0	2330.0	2294.0	2310.0
Jun	2372.0	2372.0	2338.0	2354.0
Sep	2416.0	-	-	2399.0

Estimated volume 3768 (3434)
Previous day's open int. 23145 (22200)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6935	1.6849	1.6665	1.6410	1.5980

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6864	1.6872	1.6846	1.6856
Jun	1.6600	1.6608	1.6582	1.6592
Sep	1.6354	1.6366	1.6340	1.6350

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	93-25	94-09	93-21	94-11
Jun	93-31	94-05	93-18	94-07
Sep	93-15	93-30	93-12	94-01
Dec	93-07	93-17	93-07	93-25
Mar	93-00	93-08	93-00	93-16
Jun	-	-	-	93-05
Sep	-	-	-	92-28
Dec	-	-	-	92-20
Mar	-	-	-	92-13
Jun	-	-	-	92-06
Sep	-	-	-	91-31

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	92.45	92.49	92.43	92.48
Jun	92.66	92.70	92.63	92.72
Sep	92.74	92.74	92.70	92.75
Dec	-	-	-	92.65
Mar	-	-	-	92.53

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6685	0.6695	0.6678	0.6689
Jun	0.6661	0.6671	0.6660	0.6665
Sep	-	0.6650	0.6640	0.6655
Dec	-	-	-	0.6640

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.600	9.25	9.25	9.25	9.35	-	0.04	0.43	1.77
1.625	6.75	6.85	6.75	7.10	-	0.18	0.89	2.61
1.650	4.25	4.40	4.59	5.45	-	0.60	1.61	3.66
1.675	1.90	2.56	2.92	3.81	-	1.41	2.52	4.96
1.700	0.19	1.29	1.84	2.70	0.81	2.73	3.94	6.49
1.725	-	0.59	1.08	1.95	3.08	4.31	5.69	8.21
1.750	-	0.21	-	1.35	5.57	6.60	-	10.11

Previous day's open int: Calls 392,988 Puts 453,082 (All currencies)
Previous day's volume: Calls 43,305 Puts 34,479 (All currencies)

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.6931	0.6939	0.6926	0.6939
Jun	0.6947	0.6956	0.6946	0.6956
Sep	0.6965	0.6970	0.6965	0.6974

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.5951	0.5961	0.5946	0.5970
Jun	0.5941	0.5950	0.5938	0.5961
Sep	0.5944	0.5944	0.5937	0.5947

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	91.66	91.69	91.65	91.69
Jun	91.61	91.65	91.59	91.66
Sep	91.55	91.59	91.54	91.60
Dec	91.34	91.38	91.32	91.39
Mar	91.24	91.29	91.24	91.31
Jun	91.15	91.19	91.14	91.21
Sep	91.09	91.16	91.09	91.16
Dec	91.03	91.07	91.02	91.09

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	333.50	334.20	332.90	333.30
Jun	337.40	338.00	336.90	337.15
Sep	-	342.00	340.90	341.20

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open Int.
March	99.50	99.22	-0.70	99.64	99.06	10.14	60,285
June	99.84	99.26	-0.78	99.84	99.32	10.09	25,325
September	99.96	99.50	-0.48	99.96	99.50	10.06	5,466
December	-	-	-	-	-	10.02	3,052

Estimated volume 84,018 Total Open Interest 94,128

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls Sept.	Puts March	Puts June	Puts Sept.
98	-	-	-	0.14	0.92	-
99	0.64	1.19	-	0.37	1.26	-
100	0.17	0.76	-	0.96	1.72	-
101	0.03	0.49	-	1.83	2.22	-
102	-	0.31	-	2.80	2.91	-
103	-	-	-	3.77	-	-
Open int.	176,098	78,237	5,339	115,382	66,029	315

Estimated volume 33,964 Total Open Interest 441,290

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int.
March	88.58	88.70	+0.01	88.71	88.56	11.30	7,424
June	88.49	88.70	+0.01	88.70	88.49	11.33	8,583
September	88.72	88.75	-0.04	88.85	88.68	11.21	2,374
December	88.88	88.93	-0.07	89.00	88.88	11.07	283

Estimated volume 12,315 Total Open Interest 18,664

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
February	1850.0	1856.5	+4.5	1860.0	1845.0	3,444
March	1848.0	1856.5	+5.5	1856.5	1846.0	1,576
April	1853.0	1852.0	-6.0	1853.0	1852.0	244
June	-	-	-	-	-	37

Estimated volume 4,979 Total Open Interest 7,301

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe Guarantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co	15	● Smith & Williamson Secs	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk N. East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

Rates little changed

UK EMPLOYMENT data had little impact on wholesale interest rates in London yesterday. Three-month interbank was quoted at 15⁵⁄₃₂-15³⁄₃₂ per cent, compared with 15³⁄₁₆-15⅛ on Wednesday, and was unmoved by news that UK average earning rose at an unchanged annual rate of 9.25 per cent in December. Unit labour costs for the three-months ended December rose at a lower than expected year-on-year rate of 4.5 per cent, against 5.2 per cent in the three-months ended November, but this encouraging news was offset by the potentially inflationary impact of a larger than forecast fall in UK unemployment.

Mrs Margaret Thatcher, the Prime Minister, told Parliament that measures will be taken to bear down on inflation, and Mr John Major, the Chancellor, said it would be unwise to make a commitment to lower interest rates until inflation is beaten.

Short sterling futures opened lower at 85.21 for June delivery on Liffe. The contract touched a chart support level of 85.18, before closing at 85.22, compared with 85.23 previously.

Credit conditions tightened in London. The Bank of England initially forecast a day-to-day credit shortage of £1,500m, but revised this to £1,400m in the afternoon. Total assistance of £1,357m was provided.

An early round of help was offered, and at that time the authorities bought £907m bank bills outright, in band 2 at 14⅞ per cent. In further operations before lunch. the Bank of England purchased £300m band 1 bank bills at 14⅞ per cent. After lunch another £150m band 1 bank bills were bought at 14⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £527m, with Exchequer transactions absorbing £815m, a rise in the note circulation £85m, and bank balances below target £75m.

In Frankfurt the Bundesbank council, as expected, left official West German interest rates unchanged. Call money eased slightly to 7.75 from 7.80 per cent on the money market, as banks remained well supplied with liquidity, in spite of this week's drain of funds at the Bundesbank's securities repurchase agreement tender.

In Amsterdam the Dutch Central Bank offered seven-day special advances to banks at an unchanged 8.4 per cent.

UK clearing bank base lending rate
15 per cent
from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.15) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⁹⁄₁₆	offer 8⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.83	Three year	8.31
Broker loan rate	9¾	Two month	7.85	Four year	8.37
Fed.funds	8¼	Three month	7.91	Five year	8.40
Fed.funds at intervention	-	Six month	8.02	Seven year	8.43
		One year	8.08	10-year	8.43
		Two year	8.33	30-year	8.46

Feb.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.70-7.80	7.45-7.60	7.95-8.10	8.20-8.40	8.55-8.75	8.00
Paris	10⅛-10¼	10⁹⁄₁₆-10¹¹⁄₁₆	-	11¼-11⅜		9.50
Zurich	8¾-8½	9⅛-9¼	-	9⅛-9¼	-	-
Amsterdam	8.90-9.00	8.95-9.05	-	9.06-9.14	-	-
Tokyo	6⅞-6¹⁵⁄₁₆	6¾-6¹³⁄₁₆	-	7-7⅛	-	-
Milan	12½-13	13¼-13¾	-	13¼-13¾	-	-
Brussels	7.55	10⅛-10½	-	10⅜-10⅝	-	-
Dublin	11-11¼	11⅝-11⅞	11⅞-12	12-12¼	11⅞-12	-

LONDON MONEY RATES

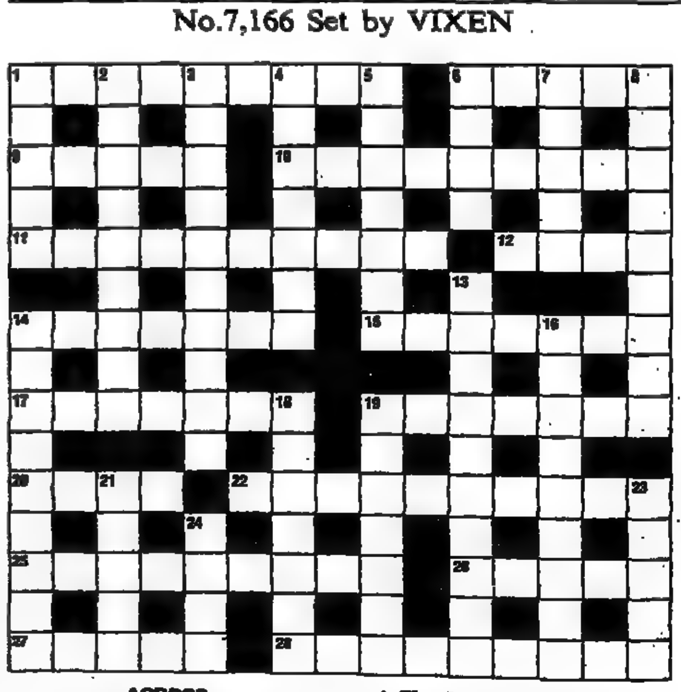
Feb 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14⅞	15⅛	15⅛	15⅛	15⅛
Interbank Bid	13	14¾	14⅞	15⅛	15⅛	15¼
Sterling CDs	-	-	15⅛	15⅛	15⅛	15
Local Authority Deps.	14¾	14¾	15	15⅛	15⅛	15⅛
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14¾	14¹³⁄₁₆	14⅞	14⅞	-	-
Company Deposits	-	-	15	15¼	15¼	15¼
Finance House Deposits	-	-	14⅞	15⅛	15⅛	15⅛
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.25	8.25	8.27	8.42
SDR Linked Dep. Offer	-	-	9	9¼	9½	9½
SDR Linked Dep. Bid	-	-	8¾	9⅛	9¼	9½
ECU Linked Dep. Offer	-	-	10¾	11⅛	11⅛	11⅜
ECU Linked Dep. Bid	-	-	10⅝	11⅛	11⅛	11½

Treasury Bills (sell); one-month 14¹³⁄₃₂ per cent; three months 14¹³⁄₃₂ per cent; Bank Bills (sell); one-month 14¹³⁄₃₂ per cent; three months 14½ per cent; Treasury Bills; Average tender rate of discount 14.4955 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1990. Agreed rates for period February 26 1990 to March 25, 1990, Scheme I: 15.89 p.c., Schemes II & III: 16.43 p.c. Reference rate for period Dec 30, 1989 to January 31, 1990, Scheme IV&V: 15.199 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from February 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,166 Set by VIXEN



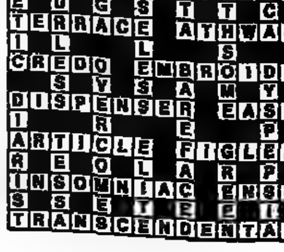
ACROSS

1 Touching submission indicating a slowdown (9)
6 A good man, and so getting support (5)
9 Board the wrong plane (5)
10 Watches a fly moving up and down again and again (9)
11 Turner is employed to cook meat (10)
12 Common where there's a stretch of water (4)
14 The main craft centre (7)
15 Daring to exasperate a social worker (7)
17 Claim against minister (7)
19 Broadcast of TT races results (7)
20 In despair one may join a singles club (4)
22 To peruse an account is regarded as right (4,1,5)
25 Those having no wish to be 18 (9)
26 Saw a large number ahead of time (5)
27 Caned for playing with a ball (5)
28 The underworld boss sent notes but made protest (9)

DOWN

1 Separate with little hesitation, being more mature (5)
2 Urge to study music (9)
3 They'll supply a demand for some as-new contrivance when there's money in it (10)
4 Check made by a crawler going around quietly (7)
5 Wanting direction, possibly ending without (7)
6 A biscuit for the break (4)
7 The woman in charge surrounded by drink (5)
8 R for Rottweiler? (3-6)
13 Chars not quick to make a fresh start (5,5)
14 This might well be set in code in parts (9)
16 The high-flier requires space to manoeuvre (9)
18 Prepared, unlike 25 (7)
19 People are painstaking when they get to work (7)
21 Regarding trap set up repeatedly (5)
23 "To strive to seek, to find, and not to —" (Tennyson) (5)
24 Near-crazy songwriter (4)

Solution to Puzzle No.7,165



WORLD STOCK MARKETS

AUSTRIA — February 15 — Sch — + or −
[illegible]

BELGIUM/LUXEMBOURG — February 15 — Frs. — + or −
[illegible]

DENMARK — February 15 — Kr — + or −
[illegible]

FINLAND — February 14 — Mks — + or −
[illegible]

FRANCE — February 15 — Frs. — + or −
[illegible]

FRANCE (continued) — February 15 — Frs. — + or −
[illegible]

GERMANY — February 15 — Dm. — + or −
[illegible]

GERMANY (continued) — February 15 — Dm. — + or −
[illegible]

ITALY — February 15 — Lire — + or −
[illegible]

ITALY (continued) — February 15 — Lire — + or −
[illegible]

NETHERLANDS — February 15 — Fls. — + or −
[illegible]

NORWAY — February 15 — Kroner — + or −
[illegible]

SPAIN — February 15 — Pts.% — + or −
[illegible]

SWEDEN — February 15 — Kronor — + or −
[illegible]

SWITZERLAND — February 15 — Frs. — + or −
[illegible]

SOUTH AFRICA — February 15 — Rand — + or −
[illegible]

JAPAN — February 15 — Yen — + or −
[illegible]

AUSTRALIA — February 15 — Aust.$ — + or −
[illegible]

AUSTRALIA (continued) — February 15 — Aust.$ — + or −
[illegible]

HONG KONG — February 15 — H.K.$ — + or −
[illegible]

MALAYSIA — February 15 — M.$ — + or −
[illegible]

SINGAPORE — February 15 — S.$ — + or −
[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
2pm prices February 15

Sales — Stock — High — Low — Close — Chng
[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Feb 14	Feb 13	Feb 12	Feb 9	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2624.32	2624.10	2619.14	2648.20	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	91.35	91.49	91.32	91.27	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1083.21	1084.10	1075.75	1088.19	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222.21	222.40	221.45	223.91	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2643.69 (2639.19) Low 2608.11 (2592.57)

STANDARD AND POOR'S	Feb 14	Feb 13	Feb 12	Feb 9	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	332.01	331.02	330.08	333.62	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	383.13	382.31	381.28	385.57	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.05	27.81	27.74	27.93	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	183.21	182.65	182.55	184.39	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	358.78	358.45	358.87	360.79	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	426.56	425.75	426.38	428.84	485.73 (9/10/89)	378.56 (3/1/89)	[illegible] (9/10/89)	54.87 (31/10/72)

	Feb 9	Feb 2	Jan 26	year ago (approx.)
Dow Industrial Div. Yield	4.09	4.16	[illegible]	[illegible]

	Feb 7	Jan 31	Jan 24	year ago (approx.)
S & P Industrial div. yield	3.09	3.13	3.11	3.04
S & P Ind. P/E ratio	14.23	14.04	14.09	13.85

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Fleming	2,705,700	30⅛	− ⅛
Cons. Rail	2,667,700	49⅝	+ ⅛
Western Union	2,471,400	⅞	− ⅛
Gt Nthn Nekoosa	2,398,000	64	+ 2
Global Mar	2,371,500	5⅛	+ ⅛
First Interstate	1,924,200	34⅝	+ 2
Chase Manhattan	1,598,700	27⅛	+ ⅛
IBM	1,501,700	103⅜	+ ⅛
Philip Morris	1,482,800	39⅛	+ ⅛
Citicorp	1,458,600	23⅛	+ ⅛

TRADING ACTIVITY

† Volume Millions	Feb 14	Feb 13	Feb 12
New York	139,458	144,440	128,390
Amex	9,433	10,035	8,210
NASDAQ	139,539	127,225	113,032
Issues Traded	1,941	1,962	1,953
Rises	740	678	466
Falls	684	793	1,049
Unchanged	517	491	[illegible]
New Highs	23	16	15
New Lows	70	90	77

CANADA

TORONTO	Feb 14	Feb 13	Feb 12	Feb 9	1989/90 HIGH	1989/90 LOW
Metals & Minerals	2972.35	2947.19	2933.48	2970.93	3919.2 (1/9/89)	2933.48 (12/2/90)
Composite	3750.30	3751.86	3766.27	3777.78	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1899.14	1897.74	1899.14	1909.96	2069.66 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 15	Feb 14	Feb 13	Feb 12	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1638.5	1636.6	1628.2	1623.4	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	841.5	838.4	834.9	828.8	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	634.15	622.32	634.15	627.60	634.15 (15/2/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5810.61	5980.06	5850.07	6019.81	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	372.36	372.50	371.64	373.17	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	656.5	656.7	659.8	662.6	815.8 (18/4/89)	580.8 (22/11/89)
FRANCE						
CAC General (31/12/82)	505.65	507.32	509.45	518.20	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1856.86	1853.99	1845.43	1867.40	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	772.40	769.85	776.47	771.28	807.13 (5/2/90)	555.78 (27/2/89)
Commerzbank (1/12/53)	2261.6	2250.6	2273.9	2261.7	2370.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	[illegible]	[illegible]	1840.98	1860.39	1939.43 (5/2/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2910.04	2870.43	2863.55	2894.66	3309.64 (15/5/89)	2095.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1818.18	1821.78	1828.56	1840.98	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	666.11	663.86	666.55	665.94	734.04 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	37471.99	37155.89	37107.05	(c)	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2742.21	2723.30	2722.33	(c)	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4261.05	4254.66	4273.95	(c)	4294.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	610.37	606.89	610.92	609.06	611.97 (7/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Tnl.Rtn.Gen.(End 1983)	250.9	249.3	249.3	248.8	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	192.5	191.2	191.3	190.8	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	798.33	798.08	795.37	797.32	810.32 (8/2/90)	467.17 (3/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1034.48	1059.07	1056.10	1047.94	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	439.57	436.73	438.75	442.04	443.34 (6/2/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1981.06	1921.0	2029.0	2090.0	2254.0 (12/12/89)	1291.0 (15/3/89)
JSE Industrial (28/9/78)	3076.06	3051.0	3135.0	3150.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	874.09	872.63	866.57	867.05	1007.80 (1/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	283.05	282.60	283.34	285.47	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	(u)	(u)	(u)	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	771.1	767.3	767.2	768.4	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	12026.05	12231.91	12126.96	12424.53	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	808.30	794.73	795.12	801.95	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	538.9	537.6	539.3	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Feb. 10: Taiwan Weighted Price 12495.34 Korea Comp Ex 873.59

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday February 15 1990

	Stocks Traded	Closing Prices	Change on day
Sharp	20.7m	1,[illegible]	+70
Nippon Steel	10.8m	705	+2
[illegible]	11.2m	1,770	[illegible]
Toshiba	10.7m	1,220	[illegible]
Hitachi	10.6m	1,5[illegible]	+50
Kawasaki Steel	9.8m	791	+5
NKK	6.3m	781	+6
NEC	6.2m	2,020	+80
Fujitsu	6.2m	1,580	+40
Kyokuyo	5.2m	1,910	+10

3pm prices February 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24¾	AAR	.48	1.5	19	184	31⅛	30¾	31⅛	+ ⅛
9¾	8½	ACM o	1.26	14.		74	9⅛	9⅛	9⅛	+ ⅛
11⅝	10½	ACMIn	1.26	11.		256	11⅛	11	11⅛	
9⅞	8	ACM M	n1.01	12.		213	8⅛	8	8⅛	+ ⅛
12⅛	11½	ACMMM				358	11⅝	11½	11⅝	
11½	10	ACM Sc	1.26	11.		805	11⅛	11	11⅛	
9⅜	8⅛	ACMSp	1.01	11.		465	9⅜	9⅛	9⅛	
19⅝	11½	AL Lab	.18	.9	20	575	19	18⅝	19	+ ⅛
4⅛	3¼	AMCA	.12e	3.7	8	37	3⅜	3¼	3¼	– ⅛
6⅛	3⅜	AM Intl			6	298	3⅜	3⅜	3⅜	
23½	16⅝	AM In pf	2	11.		6	17½	17¼	17½	+ ¼
107¼	52½	AMR			8	1693	55⅛	54⅞	55	
5½	3⅛	ARX				61	3⅜	3¼	3¼	– ⅛
72¾	39	ASA	3a	5.2		2545	59½	57⅜	58	– 1⅛
70⅜	48⅛	AbtLab	1.40	2.1	17	2613	65½	64⅜	65½	+ ⅝
17¼	11⅛	Abitibi g	.50			62	12¾	12⅝	12¾	
13	8⅞	AcmeC	.40	4.4	10	256	9⅛	8⅞	9	
38½	25½	Acuson			22	314	32⅝	32⅜	32½	
18½	12⅞	AdaEx	2.08e	13.		169	15⅝	15⅜	15⅝	+ ⅛
15⅝	7⅛	Adobe				216	13⅛	13	13⅛	+ ⅛
20¼	16⅞	Adob pf	1.84	9.7		4	18⅞	18⅞	18⅞	– ⅛
21⅝	19⅞	Adob pf	2.40	11.		15	21¼	21	21¼	+ ¼
10½	6⅞	AMD			5	345	7¼	7⅛	7⅛	
35	28⅜	AMD pf	3	10.		1	30	30	30	– ⅛
10⅛	5⅞	Advest	.16	2.7	8	150	6	5⅞	6	
62½	48½	AetnLf	2.76	5.5	9	3842	50⅛	49¼	50	+ ⅛
[illegible]										

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices February 15

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices February 15

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							

AMERICA

New issues boost volume as Dow regains ground

Wall Street

A MODEST midsession gain and an upturn in trading volume suggested yesterday morning that the equity market *may be coming out of the* shock of this week's bankruptcy at Drexel Burnham Lambert, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was 15.32 higher at 2,639.64 on volume of 102m shares by midsession. The total of shares traded on the New York Stock Exchange had *dwindled in recent* sessions, failing to make the 150m level for the last four trading days.

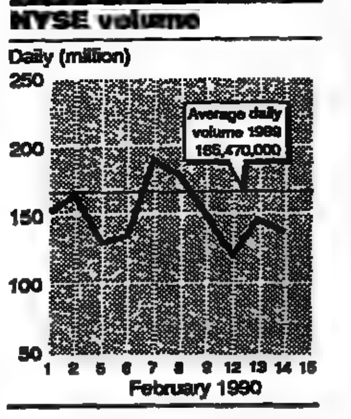
The Dow Jones index had closed 0.22 points higher at 2,624.32 on Wednesday, having failed to sustain an early rally. There was little reaction in the stock market to yesterday's news of a record jump in housing *starts in January of* just under 29.6 per cent, which, even taking unseasonably warm weather last month into account, was still much stronger than Wall Street analysts had expected.

The Treasury bond market was put on the defensive by these figures and showed price losses of as much as ½ point at *midsession, but this did not* appear to have an impact on stocks.

Today, financial markets will be looking at the release of January industrial production and capacity usage figures, as well as December's merchandise trade deficit.

One of the reasons for the pick-up in volume yesterday morning was active trading of two new equity issues – Readers Digest Association and Growth Fund of Spain – which both traded above their initial offering prices at midsession. Readers Digest's Class

NYSE volume



A non-voting shares, which were *sold initially at $20 and opened* for trading at $21⅛, were quoted $⅝ higher at $22⅛ while Growth Fund of Spain, sold initially for $12 a share, was quoted $⅝ above its opening price at $13¾.

There has been a great deal *of talk this week about* a switch in financing methods in the aftermath of Drexel Burnham Lambert's bankruptcy and depressed conditions in the junk bond market from issues of debt to equity. There have been a number of equity offerings this year already and only two junk bond issues.

Commercial bank stocks put in a strong showing, with some investors apparently arguing that the failure of Drexel would mean a return to more traditional bank lending rather than corporations raising cash through the issue of junk bonds.

Citicorp added $⅛ to $24⅝, J.P. Morgan jumped $1½ to $37¼ and Chemical Bank rose $⅝ to $26⅛.

Mr Rupert Murdoch's News Corp added $⅛ to $16⅝ in spite of the fact that the company reported a 65.4 per cent drop in its operating profit in the second half of 1989, partly due to *losses at Sky Television.*

Canada

TORONTO stocks slid in sluggish trade, with investors waiting for the Bank of Canada rate, due to be released late yesterday, and US January trade figures, due today. Banking shares fell on fears of a *jump in the bank rate.*

The composite index slipped 5.9 to 3,744.5 on volume of 14.7m shares, with falls leading advances 224 to 189.

Among banking shares, Royal Bank fell C$¼ to C$22, Bank of Nova Scotia C$¼ to C$14½ and Toronto Dominion C$⅛ to C$17⅝ while Bank of Montreal was unchanged at C$28⅝.

In metal companies, Alcan gained C$⅛ to C$23⅞, Inco rose C$⅝ to C$28⅛ and Cominco added C$¼ to C$24⅜.

EUROPE

Day of recoveries marred by Swedish political crisis

SOURCE PERRIER bounced back after this week's troubles, leading the French bourse higher, while West German equities also recovered as the bond market steadied. Sweden, however, fell in nervous trading, before news of the Government's resignation, *writes Our Markets Staff.*

PARIS finished a volatile session higher, as Perrier rebounded after its sharp declines this week. A blue chip-led rally, in defiance of a sharply lower bond market, pulled the *CAC 40* index up from its low of 1,846.93 to close at 1,856.86, up 2.87, in turnover of about FFr2.9bn.

Perrier opened stronger and remained firm, ending FFr89, or 6.3 per cent, higher at FFr1,502 in heavy volume of *296,250 shares.* One dealer said that the market seemed to believe that Mr Gustave Leven, Perrier chairman, had been suitably honest about the contamination of its mineral water. Perrier's marketing and advertising record also gave *investors' confidence that the* company would succeed in re-establishing its image.

Among other active blue chips, Michelin gained FFr3.40 to FFr133.10, Peugeot added FFr16 to FFr730 and BSN rose FFr7 to FFr718. LVMH was one of the few weak blue chips, losing FFr53 to FFr4,740.

Eurotunnel added 80 centimes to *FFr56.90* in active volume. News that group's bankers had temporarily frozen payments had been anticipated the previous day, when its shares fell 6 per cent.

FRANKFURT started slowly but gathered pace, with large buy orders arriving in the final 30 minutes of official trading. The firmer tone, which caused *a healthy 1 per cent rise,* continued in the after-market.

Sentiment was boosted by a stabilising bond market after its recent volatility. The DAX index closed at the day's high, up 18.73 at 1,850.96. The midsession FAZ put on 3.35 to 772.4.

Turnover, however, continued to contract, falling to DM6.3bn, compared with Wednesday's DM6.5bn. One observer said that foreigners failed to take an interest in the market, with most Japanese investors preoccupied by their own elections.

There was some Japanese action, however: buy orders from Japan helped BMW close DM8 higher at DM636.50, climbing to DM645 after hours. Daimler, the second most active stock, rose DM6 to *DM907 after its Mercedes automotive* division announced it was considering a truck venture in East Germany.

Veba, the energy and utilities group, again topped the turnover table. The share has been boosted by estimates that *its real estate assets, alone, are* worth DM500 a share. It gained DM8.20 to DM445.70.

STOCKHOLM fell sharply in thin trading, reflecting uncertainty before yesterday's vote on the Government's wage and price freeze proposal. After the market closed, the minority Social Democratic Government's resigned following the *defeat of its austerity package.* An increase in domestic interest rates also worried investors.

The Affärsväriden General Index fell 32.0 points, or 2.7 per cent, to 1,156.5 in turnover of SKr158m. Ericsson's free B shares lost SKr30 to SKr880.

ZURICH finished at its best level of the day, encouraged by *Frankfurt's strength.* The Crédit Suisse index rose 1.7 to close at 611.6.

Pargesa, the financial group, was weak again, with its bearers losing SFr20 to SFr1,595, after it said that it would write off its 13 per cent indirect stake *in Drexel Burnham Lambert,* the US investment bank.

BRUSSELS stabilised, with the cash market index rising 10.55 to 5,810.61 – its first gain for eight sessions.

Groupe Bruxelles Lambert, the holding company which *wrote off its stake in Drexel* on Wednesday, firmed in busy trade, adding FFr45 to FFr3,985 as a busy 19,400 shares changed hands, following its 9 per cent fall in the previous two sessions.

AMSTERDAM was quietly *mixed to higher with the CBS* tendency index up 0.9 at 109.6. Heineken, the strike-hit brewery group, recovered by Fl 5.80 to Fl 111.0, after saying it would be able to meet delivery contracts until the weekend.

MILAN firmed on the open*ing session of the new account.* The Comit index gained 2.25 to 666.11. Turnover remained restrained, however, and the mood was generally negative against the background of the impending introduction of a capital gains tax on share profits and continuing uncertainty over a timetable for bourse reforms.

OSLO closed slightly higher in moderate trading. The all-share index closed 0.04 up at 606.85. Norsk Hydro recovered from an early fall after it announced a decline in profits for last year, closing unchanged at NKr196. Aker, the offshore and engineering group, reporting tripled profits for 1989, rose NKr1 to NKr123.

Boom-time in Vienna worries the bankers

Judy Dempsey examines the remarkably rapid rise of the Austrian equity market

THE remarkable boom in the Vienna Stock Exchange was confirmed yesterday by a new all-time high in share prices. The Vienna bourse index rose 10.17 to 666.60 in lively trading, buoyed by the influx of foreign investment funds.

There is an element of concern in the city, given the speed of the share price rise – and because the political devel*opments in eastern Europe* remain highly uncertain, if not unpredictable. However, mar*ket professionals are managing* to live with this.

The boom, engendered partly by the dramatic changes in neighbouring Czechoslovakia and in the rest of eastern Europe, has pushed up turnover and earnings.

Total turnover on the Vienna Bourse reached Sch9.5bn in January, compared with Sch1.3bn in January 1989. On February 5, the turnover for a single day's trading exceeded Sch1.7bn.

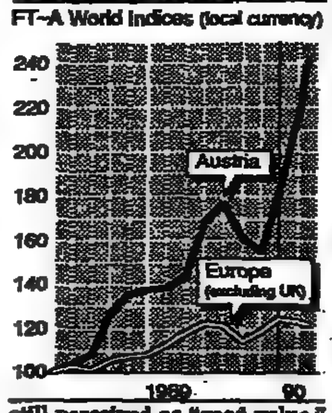
Share price performance, over the past six weeks or over the past twelve months, has been just as remarkable. This year the bourse index has risen by 30 per cent. Since this time last year, it has soared by over 150 per cent, from 263.41.

Growing foreign interest has been demonstrated by the rise of country funds. Following the successful launch in New *York last autumn of the Aus*trian Fund, which recently increased its capital by 50 per cent to $180m, four more funds specifically aimed at the Austrian market have since been set up.

These two of French origin, the Europe Central Fund and the Europe Fund; the Austrian Equity Fund; and the Vienna *Investment Fund, a portfolio* opened by Nomura, the Japanese securities house. Morgan Stanley has also increased its Austrian portfolio by 5 per cent. In all, these funds brought a new inflow of Sch4.5bn into the market.

The attention paid to Austria by international investors reflects the fact that Vienna is

FT-A World Indices (local currency)



still perceived as "good value."

For instance, the average price earnings ratio is 23, against which the Tokyo market hovers at around 60, so Vienna can still be classed as "cheap" by the Japanese. For Wall Street and London, where average *p/e's* are around the 12 mark, Austrian shares have been a source of quick profits as long as the market *stayed* on a fast upgrade.

In addition, at least for the Japanese who seem to be adopting a more long-term strategy, Vienna is perceived as a potential launching pad into eastern Europe. Austrian *traders like to call this the* "Eastern Story."

Telling this "story" has increased the price of those Austrian companies which have traditionally worked in eastern Europe. In the construction industry, where 1989 saw strong share price performance, companies like Wienerberger and Porr have both increased by 17 per cent, and Universale by 37 per cent; it is believed that these old-established companies will cash in on contracts to build hotels, roads and tourist facilities in eastern Europe.

Market liquidity is a problem. While there is plenty of investment cash available to Vienna, there are not enough *stocks to go around.* The Austrian Government's cautious path towards privatisation is helping: later this year, *Glanzstoff* Austria, the chemical company, will be listed in Vienna, along with two utility companies. However, the grow*ing consensus is* that the market needs more stocks to keep business lively.

It also requires something which cannot be guaranteed: political stability in eastern Europe. Over the next few months, East Germans, Hungarians, Romanians and Czechoslovaks go to the polls.

Few can predict the stability of these governments and what kinds of economic policies they will pursue, factors which could well influence the tempo in Vienna in the months ahead.

ASIA PACIFIC

Election optimism helps push Nikkei higher

Tokyo

SPIRITS were brighter yesterday, as investors were cheered by improved prospects for the ruling Liberal Democratic Party in upcoming elections, *writes Michiyo Nakamoto in Tokyo.*

Equities rose steadily through the day, the Nikkei average moving from a low of 37,186.40 to a high of 37,585.40, before closing with a hand*some gain of 316.10 at 37,471.99.* Advances outnumbered declines by 612 to 322 with 191 unchanged.

Volume improved to 513m shares from the 375m traded on Wednesday, but this was little better than one-half of the trad*ing levels seen in Tokyo* on better days. The Topix index of all listed shares added 18.91 to 2,742.21 and, in London, the ISE/Nikkei index rose 2.19 to 2,035.09.

A poll suggested yesterday that the ruling party has a fair *chance of winning* a majority in Sunday's national elections to the lower house of the Diet. This encouraged investors to test the market; at the same time, worries over West German key interest rates seemed to subside, and there was relief *at Wall Street's calm* reaction to the financial difficulties of Drexel Burnham Lambert.

Nevertheless, the outlook was not completely rosy, said Mr Hiroaki Hanao at Daiwa Securities. Even if the ruling party retains its majority in *the lower house, the elections* are likely to be followed by conflict within the Liberal Democratic Party over the prime minister's post. Hard trade talks with the US also loom darkly in the post-election period.

Although *institutional investors* are weary of playing the smaller markets and will be eager to improve their performance before the closing of their books in March, according to Mr Hanao, they may remain wary in the face of such uncertainties, and their return to the first section of the TSE could be a drawn-out process.

Yesterday's improved market sentiment turned attention to issues rising on strong domestic demand. Constructions posted strong gains. Shimizu Corp advanced Y30 to Y2,160 and Taisei rose Y40 to Y1,540. Their gains also stemmed from buying from new funds.

Tekken Construction, a medium-sized company, rose Y50 to Y1,770 and was third in volume with 11.2m shares. It had gained Y90 to a record *Y1,810 during the day.* Investors were anticipating the listing of the Japan Railway companies, possibly in 1991. East Japan Railways, one of the companies to be listed, is a significant shareholder of Tekken. The company is also placing emphasis on building up business in such promising areas as linear motor car systems.

Blue-chip electricals were also in the limelight. Five of the top 10 volume issues were in the electricals sector. Sharp led the popular issues with 20.7m shares and rose Y70 to Y1,[illegible].

Toshiba gained Y40 to Y1,220 in active trading. *NEC* added a strong Y60 to Y2,020, amid rumours of a scrip issue.

High-technology issues took the lead in Osaka. The OSE average gained 167 points to 38,575.70 and volume improved to 63.3m shares from the 47.4m traded on Wednesday. *Pioneer* advanced Y280 to Y5,930 and Crown, a specialised audio equipment maker, rose Y250 to Y5,500.

Roundup

THE IMPROVEMENT in Tokyo spilled over into other Asia Pacific markets, helping both Singapore and Hong Kong to advance.

SINGAPORE firmed across the board as investors chased bargains during the afternoon after two days of declines.

The Straits Times Industrial index recovered 14.65 to 1,579.35 after losing 29.07 in the past two days.

The best performers were led by OCBC, the banking group, which finished up 90 cents at S$13.30 in relatively low turnover.

HONG KONG enjoyed active bargain-hunting in some heavily weighted blue chips, and the Hang Seng index advanced 39.61, or 1.4 per cent, to 2,908.90 as turnover improved to HK$1.16bn compared with Wednesday's HK$968m.

News that Britain and China had agreed on the pace of democratic development generally improved sentiment in the market.

Buying was *focused* on market leaders, with Cheung Kong rising 30 cents to HK$10.80, Hongkong Telecom up HK$15 to HK$5.45 and Swire A 40 cents better at HK$16.00.

AUSTRALIA advanced until the announcement of poor profits from Western Mining pulled the market off its highs, closing only slightly firmer.

The All Ordinaries index put on 1.9 to 1,638.5, off its midmorning peak of 1,645.1. Continuing caution among investors restricted turnover to a thin 88m shares worth A$165m changing hands.

Western Mining, the resources group, finished down 18 cents at A$5.84 and was the most actively traded stock, *with 3.73m shares* worth A$22.22m exchanged.

News Corp was a strong performer, adding 35 cents to A$10.90. Interim results released after the close of trade were well received by brokers.

TAIWAN declined in fairly *active trading, as profit-takers* sold finance shares following their gains on Wednesday. The weighted index eased 205.86 to 12,026.03.

Trading activity picked up slightly to 1.26bn shares worth NT$141bn, from Wednesday's *1.18bn issues valued at* NT$143bn.

MANILA's trading was light and depressed due to another military alert. The composite index shed 24.59 to 1,034.48 after four days of gains.

SEOUL rose slightly in mod*erate trading. Volume was* 11.4m shares valued at Won 249.7bn. The composite index rose 1.46 to 874.09.

SOUTH AFRICA

JOHANNESBURG rallied strongly in reaction to the selling – mainly by overseas investors – in recent sessions on concern over Mr Nelson Mandela's support for the nationalisation of the mines and other key economic institutions. The rally was helped by a fall in the financial rand.

The Gold index recovered 60 *points to close at 1,981, while* the Industrial index rose 25 points to 3,076.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 14 1990						TUESDAY FEBRUARY 13 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	141.82	−0.8	123.94	126.78	+0.6	5.31	142.98	125.36	126.05	160.41	128.28	146.09
Austria (19)	248.27	+0.8	216.97	215.73	+0.2	1.28	246.22	215.87	215.36	248.58	92.84	96.89
Belgium (61)	139.52	+0.0	121.93	120.25	−0.6	4.63	139.58	122.38	120.99	160.02	125.58	136.68
Canada (120)	139.94	−0.5	122.29	122.51	+0.0	3.35	140.70	123.36	122.26	154.17	124.67	135.15
Denmark (36)	253.85	+1.0	221.85	222.61	+0.3	1.44	251.32	220.35	221.92	260.62	165.35	158.60
Finland (26)	150.06	+0.3	131.15	124.17	−0.2	2.39	149.63	131.19	124.43	159.16	118.68	146.49
France (125)	146.83	+0.6	128.32	130.94	+0.3	2.86	145.96	127.97	130.51	157.97	112.57	115.71
West Germany (98)	129.48	−0.6	113.15	112.51	−0.9	1.89	130.29	114.23	113.56	137.01	79.56	85.53
Hong Kong (48)	118.24	+0.3	103.33	118.54	+0.3	4.63	117.90	103.37	118.28	140.33	86.41	129.32
Ireland (17)	193.26	−0.3	168.90	171.86	−0.7	2.43	193.92	170.02	173.05	198.57	126.00	138.53
Italy (96)	95.52	−0.1	83.48	88.57	−0.5	2.59	95.66	83.87	89.00	102.11	74.97	80.06
Japan (455)	183.70	+0.1	160.54	167.50	+0.1	0.49	183.47	160.86	167.40	200.11	164.22	198.32
Malaysia (36)	241.28	−0.9	210.66	251.27	−0.9	2.11	243.41	213.41	253.54	243.87	143.35	166.55
Mexico (13)	373.84	+0.9	326.71	1116.27	+1.0	0.46	370.48	324.82	1105.02	373.84	153.32	161.61
Netherland (43)	137.14	+0.2	119.85	117.88	−0.1	4.58	136.82	119.96	117.97	145.86	110.63	113.04
New Zealand (18)	66.46	−1.4	58.08	60.61	+0.5	5.80	67.40	59.09	60.29	88.18	62.64	74.20
Norway (24)	237.61	+0.7	207.65	208.34	+0.4	1.37	235.96	206.88	207.46	241.53	139.92	159.13
Singapore (26)	195.26	+0.1	170.64	167.59	+0.0	1.74	195.10	171.05	167.68	199.35	124.57	140.61
South Africa (60)	203.72	−8.2	178.03	159.04	−4.5	3.50	221.99	194.63	166.47	251.39	115.35	124.58
Spain (43)	155.96	+0.6	136.29	127.78	+0.4	4.11	154.95	135.88	127.28	169.75	143.14	148.51
Sweden (35)	188.80	+0.3	164.99	171.19	+0.0	2.05	188.17	164.98	171.16	206.95	138.45	150.49
Switzerland (62)	96.15	+0.3	84.03	88.94	+0.0	2.02	95.83	84.02	88.91	99.12	67.81	77.25
United Kingdom (306)	158.92	+0.5	138.88	138.88	+0.2	4.56	158.09	138.61	138.61	164.31	133.26	151.56
USA (542)	134.35	+0.3	117.41	134.35	+0.3	3.53	133.97	117.46	133.97	148.29	112.13	119.79
Europe (989)	141.81	+0.2	123.93	123.99	−0.1	3.46	141.46	124.03	124.09	146.68	112.63	119.81
Nordic (121)	194.20	+0.6	169.72	166.07	+0.2	1.75	192.96	169.18	165.80	201.69	137.96	146.51
Pacific Basin (667)	179.60	+0.1	157.03	164.04	+0.1	0.79	179.52	157.39	163.92	194.72	160.44	193.28
Euro−Pacific (1656)	164.74	+0.1	143.97	148.08	+0.0	1.68	164.50	144.22	148.05	174.18	141.89	163.87
North America (662)	134.59	+0.2	117.62	133.60	+0.3	3.52	134.28	117.73	133.24	146.66	112.79	120.61
Europe Ex. UK (683)	130.09	+0.1	113.69	114.77	−0.3	2.72	130.01	113.99	115.71	135.73	96.30	100.26
Pacific Ex. Japan (212)	131.46	−0.4	114.88	120.59	+0.4	4.66	132.04	115.77	120.16	140.08	111.93	130.01
World Ex. US (1849)	164.39	+0.0	143.66	147.61	+0.0	1.75	164.35	144.10	147.56	173.77	141.49	162.49
World Ex. UK (2085)	152.06	+0.1	132.88	134.54	+0.1	2.06	151.98	133.22	133.47	162.00	136.98	145.54
World Ex. So. Af. (2331)	152.33	+0.2	133.12	142.96	+0.1	2.29	152.06	133.32	134.22	161.84	136.67	145.20
World Ex. Japan (1936)	138.15	+0.1	120.73	130.53	+0.1	3.54	138.03	121.02	130.45	145.52	114.51	120.92
The World Index (2391)	152.84	+0.1	133.40	143.08	+0.1	2.30	152.49	133.69	142.97	162.05	136.68	146.07

Prices for Finland & Sweden were not fully updated following problems at the exchanges.
Latest prices were unavailable for this edition.

What recruiters really want in applications

By Michael Dixon

MISERY ME, it seems that the Jobs column has misled readers about the best way to apply for a new post. Or so I am accused by nearly a dozen recruiters who are well placed to know.

Their umbrage is the greater because I committed the sin four weeks ago in the course of chiding recruiters for requiring much more considerate treatment from applicants than they mostly give in return. In particular, I said, recruiters insist that:

"...there is no use in applying for jobs by sending a standard curriculum vitae, however glossy. The covering letter, *and preferably the CV itself,* should be tailored to point out the fit between the applicant's abilities and the employer's needs."

The protesting dozen all maintain that the phrase in italics *states precisely the* opposite of what a recruiter wants. They say that, while job-seekers do well to write a fit-emphasising covering letter, the curriculum vitae should never be similarly tailored to suit.

All a CV should do is list every job that applicants have held in their working life, together with salient educational attainments, setting them out in chronological order. Whether it *starts with the present and* goes backwards through time or vice versa, doesn't much matter. What does is that every statement made should be of the sort that the recruiter could evidently verify by briefly consulting the relevant organisation.

The reason, in the words of one of the dozen, is that "although it can be helpful for candidates to point out *which episodes* in their career fit the job, I also have to take *account of* the ways they're out of line with the requirements. I therefore need a CV which is factual and comprehensive."

Moreover, as five of the other recruiters comment too, the record must leave no room for suspicion. For example, the consensus is that the dates of changes from one post to another should indicate the month *rather than just the year.*

"It means that even fairly short periods out of work have to be specified," says one. "And unless they are justified convincingly, there's no denying that they count against. But it's still better for applicants to admit them than use fuzzy dating that, whether or not they've been without a job, leads me to suspect that they have and are papering over it."

Now, although one thing I have never done is to recommend falsifying the record, that is no excuse for the sin I committed. So it might seem churlish of me to say anything more on the topic except that I am sorry. Nevertheless, seven of the dozen make a point which seems to confirm that recruiters tend to believe there is one law for them, and another for job-seekers.

In explaining why they want CVs to be in a standard *form,* the seven say that pressure of work usually prevents them from spending long sifting through initial applications. One estimates the time taken to decide between binning and taking farther at no more than 15 seconds.

If that is so, recruiters might do well to ask themselves two questions.

The first is whether it *would* be wise *for applicants* to take only a similar length of time to decide whether a jobs was worth having. The second is: if they did, would they be worth employing?

Talent-raiser

NOW TO an opening in personnel management being offered by Jonathan Evans of Cambridge Recruitment Consultants on behalf of an employer he may not name. Accordingly he promises to abide by applicants' requests not to be identified to his client at this stage, as do the other headhunters to be mentioned later.

The post – at the London base of a communication-systems business employing about 20,000 – is for an employee development manager. Responsibility is to the human resources director of the company, which is part of a British group.

The principal tasks are management development, succession planning for all skilled jobs, and installing procedures for identifying and cultivating internal talent from bottom to top of the organisation. Although the job is essentially of the central staff type, the recruit will need to sell the high importance of *talent-raising* to the numerous and various, not to say devious, managers of the line.

Candidates should have a successful record in human resources management, as distinct from the welfare-rooted sort of personnel work, preferably even though not necessarily including specific responsibility for management development, succession planning and the like. They also need to have proved themselves able to win co-operation from hard-pressed line executives.

The salary indicator is £40,000, which could probably be stretched a bit. Other benefits include a car.

Inquiries to Mr Evans at 11 King's Parade, Cambridge CB2 1SJ; telephone 0223 311316, fax 0223 316152.

Treasury

WHENCE to the Benelux countries, which is as precise as headhunter Richard Robinson *may be about the* location of the group for which he seeks a *director of* treasury operations

It is a maker of consumer and industrial products with world-wide sales of US$2bn, $700m being in Europe which will be the area of the newcomer's responsibility. Reporting to the presiding board in North America, the director will be expected to *make the best use of money* coming to the European branches of the group.

That includes liaising with the heads of sales operations in addition to controlling invoicing, the payment of customers' accounts, investment of cash on overnight and other short markets, credit arrangements and the processing of multitudinous orders. A further task is to investigate the staffing and software systems of the present cash and sales administration in pursuit of higher efficiency.

Candidates should be doing similar work at senior level in a highly reputed company, with duties which span several countries. Besides English, they must speak and write at least one other language, Flemish being a particular advantage. Thorough if not native experience of the Benelux area is essential.

Salary indicator £50,000 plus bonuses. Equity stake as well as car *among* perks.

Inquiries to Mr Robinson at Cripps, Sears and Partners, 71 Kingsway, London WC2B 6ST; tel 01-404 5701, fax 01-242 0615.

System-builders

RECRUITER John Williams seeks a brace of highly numerate *analysts* with expertise in institutional investment work to lead the development, including the creation of suitable software, of a state-of-the-art fund-management system for the London branch of an international finance concern.

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Proven marketing, communication and business development skills are of paramount importance. Knowledge and previous experience of the corporate pensions environment would be advantageous but not essential. The candidate must have presentational and interpersonal skills. Preferred age 30+.

This is a new position within the organisation, and the successful candidate wil report directly to the Chief Executive. Initially, the candidate will work closely with our client's existing advisers on public relations.

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Gracey Richardson

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A bottle of 1979 Chateau Lagrange St. Julien Grand Cru will be presented by the Chairman of Parkinson Group PLC to the sender of the first correct solution to be drawn out of the hat, on February 23rd 1990.

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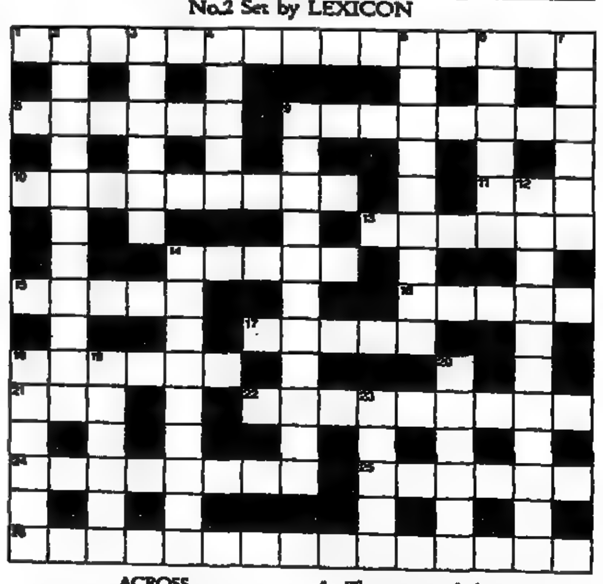
CROSSWORD

No.2 Set by LEXICON



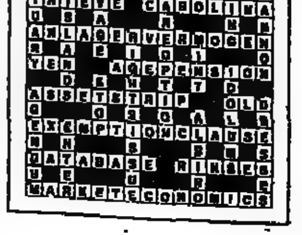
ACROSS

1. The most original recruitment consultancy is run for original reasons. Q.E.D. (8,7)
8. She takes you, reportedly, to Alabama to live for a year (6)
9. Receive 'er when the company's gone bust!
10. Still first in with figure? (9)
11. Drink found on board 4 (3)
13. Author who goes after under-insuring (6)
14. The one who gets the money! (5)
15. Good man has Scandinavian currency for bank (5)
16. A large amount of initially single column small advertisements (5)
17. Net account shortly to be established by law (5)
18. Prone to drop the English very quickly (6)
21. Salesman's gospel initially found in guru's parlance (1,1,1)
22. Dealings are with section in tabloid newspaper (9)
24. 9 Down reportedly accelerates the force of anarchy — removes any minority government! (9)
25. Sort of profits made when one can rot in peace (6)
26. Terminal position of monopoly (9,6)

DOWN

2. Entrees — dead ducks (3-8)
3. Trade Union shares (6)
4. Where one can buy cheap sheets, I hear (5)
5. The type of investment a French/Italian will have confidence in (4,5)
6. Why, so to speak, put a broken tiara on an Indian peasant? (6)
7. Diced livers should be eaten with this (6)
9. Hot lover in revolutionary Rumania? He's certainly scandalous (6,5)
12. Interest in how to package the Ashes on loan (7,4)
14. A few coins and a note or two make patchy set (5,4)
18. Push from shore with up-turning swell (3,3)
19. Choose one on financial principle (6)
20. That which is unpaid gets a clergyman's ear (6)
23. Naughty children taken one to an African tribe (5)

Solutions to last crossword



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Our client, a premier UK Merchant Bank, is looking to recruit a young, ambitious Credit Analyst.

As part of a successful and expanding team, you will provide Credit support for a broad range of products and gain exposure to a diverse client base. Working in conjunction with Account Executives, this high-profile role has extensive interface with both Senior Management and Clients.

Applicants, in their mid 20's, should be educated to degree level, have sound Credit skills. PC literacy and be seeking a move into a challenging and dynamic environment. In return, our client can offer a fast-moving and rewarding role with excellent long-term career prospects.

For further information contact **Judy Elmes** or write in confidence to:

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Tel - 01 236 0723 Fax - 01 489 8305
FINANCIAL RECRUITMENT CONSULTANTS

WCA

INVESTMENT MANAGEMENT - EXETER

Ian Henderson Associates Limited is an independent investment management company, based in Exeter, which has established itself as a specialist in managing portfolios of investment trust shares. Due to the Company's rapid expansion, we are now seeking a Portfolio Manager, preferably with experience of the investment trust sector.

Ian Henderson Associates has management contracts for the three unit trusts run by Exeter Fund Managers Limited, a subsidiary company, and for Exmoor Dual Investment Trust PLC

Candidates should have at least three years of investment management experience and be willing to assist in the marketing of the Group's products. A competitive salary will be offered and other benefits will include pension and life assurance and a company car.

Please apply in writing, with a full CV to:-

Mr I J S Henderson
Ian Henderson
Associates Limited
23 Cathedral Yard
EXETER EX1 1HB

Interviews will be arranged in either Exeter or London

Senior Treasury Marketing Officer
SALARY TO £50,000

plus full banking benefits, including car and performance bonus

We are a well-established International British Consortium Bank who wish to recruit an experienced individual to market Treasury Products to Gulf based clients. The position would suit an Arabic speaker with current marketing responsibilities to the major Middle Eastern financial centres. Previous sales experience in the foreign exchange and money markets, in addition to the derivative products, is essential. The successful candidate for this London-based position will be required to travel extensively in the Gulf region in order to enhance and expand upon the Bank's existing client base.

Interested individuals should send their C.V. in confidence to:

Angela Youels, Personnel Manager,
The United Bank of Kuwait plc,
3 Lombard Street, London EC3V 9DT.

You set the standard others will follow.

Every successful assault on a pinnacle has followed the highest standards of organisation, planning and strategy. Indeed, many follow the original pioneering route.

However, when you're the first to face up to a challenging task, you do not have that luxury. At East Kilbride Development Corporation, this means setting ourselves the highest standards over the next five dynamic years, as we face up to the challenge of completing a £100m development programme and making the successful transition from a public body to a series of viable private sector businesses.

Following restructuring, the Corporation is seeking two Directors to work closely with the Managing Director to develop the strategies that will establish the Corporation as the prototype for New Town evolution.

Commercial Director
c. £40,000 + Executive Benefits and Incentives

As Commercial Director, your role will involve the generation of proactive, innovative strategies to keep the Corporation at the forefront of the attraction of inward investment. You will be responsible for developing strategic plans on matters of property and the creation and leadership of a local development company.

You will be qualified in a property-related profession, skilled in negotiation and be a persuasive communicator. You will have extensive experience in a large development organisation, probably at the level of strategy development. Man-management and team leadership are essential personal strengths.

Director of Corporate Services
c. £40,000 + Executive Benefits and Incentives

In this role, your key responsibilities will include financial strategy and performance, control of the cost and progress of the development programme, progressing wind-up and providing the financial strategy for privatisation.

You will be a qualified accountant or hold an equivalent business qualification in Corporate Finance and have a strong accounting and administration background. Experience in a large development organisation at a strategic level would be an advantage. You will have demonstrated commercial acumen and a creative, proactive approach, together with excellent leadership skills.

These positions will suit ambitious, motivated individuals, who are keen to further develop their track records in providing the strategic leadership to a successful organisation undergoing major change of national significance.

Further information and a job description are available from Billy Boyle, Head of Administration and Personnel, East Kilbride Development Corporation, Atholl House, East Kilbride G74 1LU, Tel: 03552 41111, to whom full CV details should be sent not later than 28th February, 1990.

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Presently experiencing a level of activity unsurpassed in its history, this major international operator is a large North Sea producer, has significant involvement in a range of non-operated interests and is committed to further, long term expansion.

Entrepreneurial by nature, you will be attracted to this opportunity where you will have the freedom to spearhead new business development. Through acquisitions, joint venture initiatives and strategic planning, you will ensure the company's long term reserves position is sound and will thus optimise its asset value and business direction.

A natural leader, you have flair, commercial shrewdness and are goal oriented. You have at least 15 years' industrial experience, preferably but not necessarily oil related, your financial, strategic planning and acquisition skills being of prime importance.

Clear evidence of further career development potential beyond this post will also be provided.

A highly competitive, negotiable package is available and will certainly reflect the importance of this position in relation to the company's future.

In absolute confidence, please ring or write with CV to: **John Diack, Managing Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 01-629 5909.**

Simpson Crowden
CONSULTANTS

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TO PLAY A LEADING ROLE IN THE AUTHORISATION AND SUPERVISION OF INSURANCE COMPANIES

The Department of Trade and Industry is responsible for the authorisation and supervision of insurance companies carrying on business in the United Kingdom. At a time of rapid development in the financial services sector throughout Europe, it is a demanding and worthwhile role requiring the highest qualities of professional expertise and analytical ability.

To help us meet the challenge of protecting policyholders, while allowing industry the freedom to compete effectively, we are seeking a number of senior insurance professionals to fill key posts in our supervisory team. These are demanding and varied roles, where you will largely be required to work independently and on your own initiative. You should be able to demonstrate a good understanding of the insurance industry; excellent analytical ability, together with effective and fluent communication skills; the capacity to establish personal credibility and good working relationships with top management in the industry and with your colleagues in the Department and other regulatory organisations.

As a first step we are looking to fill three posts in the Department's Insurance Division:

AUTHORISATION SECTION
This post will carry responsibility for examining all applications for authorisation to carry on insurance business in the United Kingdom (long term and general business and reinsurance), and for the supervision of newly authorised companies. Experience in investment analysis would be an advantage in this post.

REINSURANCE AND LONDON MARKET SECTION
This post will involve the supervision of specialist reinsurance and London Market companies, and advice to other supervisors on the reinsurance position of direct insurers. Familiarity with the operation of the London Market and experience in assessing the security of reinsurers will be essential for this post.

GENERAL BUSINESS SUPERVISION
This post carries responsibility for monitoring the financial position of non-life companies and assessing the reliability and adequacy of the claims forecasts and reserves. Expertise in claims reserving will be an advantage for this post.

The starting salary available for these posts is between £23,000 and £33,000 depending on your qualifications and experience. Up to £38,500 may be available for those with special qualifications or experience. The posts also attract non-contributory pensions. Appointments will be initially for 2-3 years, with the possibility of renewal.

For further details and an application form (to be returned by 7 March 1990) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours).
Please quote ref: G/8301.
The Civil Service is an equal opportunity employer

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the department for Enterprise

STREETS

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Streets Communications is looking for a senior Public Relations executive with top-level experience in Mergers & Acquisitions, whether gained in a merchant bank, broker or another consultancy. Age and gender are immaterial. What do matter are the depth and breadth of your recent experience, and your ability to translate it into a continuing flow of business. For the right person, a board appointment would be immediate. If you have a small team working for you, we are willing to talk about them, too.

Streets is one of the leading communications consultancies in the UK, with a long history, 40 staff, and a firm and growing client base. We offer a full range of communications services – Public and Investor Relations, advertising, design and print – from our listed offices just off Fleet Street. Recently we became part of Thomas & Kleyn International, one of the leading corporate and financial communications companies in the Netherlands, as part of its objective of building a pan-European network of similar consultancies.

If you would like to join an established and ambitious company at a very exciting time, please contact our Chief Executive. Keith Lewis. Naturally your salary and benefits package will match your experience and abilities.

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18 Red Lion Court, Fleet Street, London EC4A 3HT. Tel: 01-353 1090.
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ITALY

Required for major Japanese institution, numerate graduates with preferably two years experience marketing capital market debt products including derivative products. Fluent Italian and English required. Salary neg.

Please send C.V. to
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Financial Times,
One Southwark Bridge,
London SE1 9HL

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Shaw & Co., Ltd offer Private Client specialists a rare opportunity to develop their careers in a long established but rapidly expanding City Stockbroking firm.

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London EC2M 5NT.

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Pension Fund

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The Department is responsible for managing a £650m portfolio invested in equities, gilts and property in accordance with guidelines laid down by an internal investment committee.

The successful candidate will assist in the overall management of the Fund and will take responsibility for particular sectors of the portfolio. He or she will also deputise for the Head of Department in the latter's absence.

He/she will probably be a graduate or holder of a professional qualification, with at least 5 years' experience in the financial/investment field.

The remuneration package includes a competitive salary, company car, private medical insurance and participation in the Company's profit share scheme after 2 years' service.

RTZ LIMITED

RTZ GROUP

Please write enclosing a full CV including details of your current remuneration to: Mr P C Tebbutt, Staff Manager, RTZ Limited, 6 St James's Square, London SW1Y 4LD. Telephone: 01-930 2399.

Appointments Advertising

appears every Wednesday and Thursday. (Friday International Edition only). for further information please call:

01-873 3000

Jennifer Hudson ext 3607

Richard Huggins ext 3460

Adam Futeran ext 3559

Sarah Gabe ext 3199

Stewart Maddock ext 3392

HEAD OF RISK MANAGEMENT UNIT
MIDLAND MONTAGU CAPITAL MARKETS

This is a senior appointment reporting directly to the Head of Capital Markets. The post carries full responsibility for the evaluation, analysis, approval and management of credit risk undertaken within Midland Montagu's capital markets business. There is a small, specialist support team.

The risk management unit is an integral part of the capital markets business. Its role is highly pro-active and involves a high degree of responsibility. There are strong functional links at senior level with other areas of the bank, principally central risk management (credit and market risk), corporate marketing, regulatory reporting and systems development.

Thorough knowledge of treasury products and full understanding of the market and business risks inherent in capital markets operations are essential as the candidate will need to quantify the risks arising in individual transactions and give appropriate advice and support to the business unit. Ideally suited to someone with proven credit skills and a thorough grasp of the overall risk management implications of capital markets credit-based products, it requires a banker capable of evaluating and reacting to business needs and opportunities, and able to provide guidance on specific complex transactions on a case-by-case basis.

Education to degree level, ACIB or equivalent is required. A minimum of 5 years credit analysis experience is required, preferably gained in a clearing bank or US bank money centre. Communication and inter-personal skills are essential.

The salary will be appropriate to the seniority of this appointment and will include the full range of investment banking benefits. Please send your CV and full details of your experience to Barbara Simpson, Personnel, Midland Montagu, 10 Lower Thames Street, London EC3R 6AE.

Midland Montagu is the international and investment banking arm of Midland Group.

MITSUBISHI FINANCE INTERNATIONAL PLC

RISK MANAGEMENT SUPPORT

Mitsubishi Finance International, the London based securities and investment subsidiary of The Mitsubishi Bank, Limited in Tokyo, are further developing their Risk Management capabilities during 1990. Currently offering a broad range of off balance sheet products, including swaps and OTC options, Mitsubishi Finance plan to extend availability of all derivatives in the major European currencies.

In anticipation, we intend to strengthen the support team within the Risk Management/Technical Products group. Accordingly, the following opportunities exist:

MANAGER - SWAP OPERATIONS

The management of technicians responsible for the day to day processing of interest rate/currency swap transactions, caps and swaptions. This is a rapidly expanding area which will fully utilise the capacity of an individual with the appropriate and proven operational management skills. The ideal person would also be conversant with the established interest rate risk management techniques employed by the industry, and would be able to explain the sensitivities of our portfolios against market fluctuations. Sound knowledge of systems and other related function is also desirable.

ADMINISTRATOR - CUSTOMER SUPPORT

This position demands excellent organisation and communication skills, which would be employed to provide further controls over customer related administrative tasks, such as database maintenance, documentation, credit approvals, customer exposure, and both internal management and regulatory reporting. Additionally, this individual should possess the qualities to interface directly with customers on administrative issues, and furthermore support our marketing effort.

Salaries will be negotiable according to age and experience and benefits will be consistent with usual banking practice.

Interested applicants should write in strictest confidence enclosing a full c.v. to Annette Wolfe, Personnel Assistant, Mitsubishi Finance International plc, 6 Broadgate, London EC2M 2AA.

Assistant Manager
Actuarial Services

Management opportunity with an international Reinsurer

South East c.£30,000 + Financial Services Benefits

Our client is a quality UK international Reinsurance Company with an enviable reputation for professionalism and innovation. The continued expansion of the Life Division has led to the creation of this challenging new position.

Reporting to the Actuarial Services Manager, you will be expected to make a significant contribution to running the department. Your initial responsibilities will include producing valuations, preparing new business reports, monitoring financial treaties, developing cash flow projections and the valued added model. Another key area will be the development and testing of information systems.

You will be a recently qualified Actuary or a student with at least eight examination passes and several years relevant experience. Familiarity with computer applications in this field is critical. You will relish the opportunity of working in a customer oriented, highly flexible environment where your technical and managerial abilities will be fully utilised.

Salary will be dependent upon level of qualification and experience. The position carries an attractive Financial Services benefits package which includes a car for qualified candidates. Assistance with relocation will be provided where appropriate.

Please write - in confidence - with full career details, day-time telephone number and current salary to: Lynne J.A. Stevens, MSL International (UK) Ltd., 32 Aybrook Street, London W1M 3JL, quoting reference 21289.

MSL International

Portfolio Strategist

London **Attractive Salary + Benefits**

My client is responsible for marketing sophisticated investment strategies to institutional investors on a global basis.

In response to demand from institutional investors worldwide, they seek a Portfolio Strategist for their London office to monitor trends in financial markets and to develop and refine portfolio strategies for investors in the UK, Continental Europe and the Middle East. This will involve giving presentations for the press and for investors, defining alternative investment and hedging strategies and developing and maintaining strong links with the institutional investor community.

Candidates will be expected to demonstrate a good understanding of modern portfolio theory and financial economics, with a minimum of two years' experience in investment analysis and regular exposure to fund managers. Given the pan-European nature of this challenging role a second European language would be a distinct advantage although is not essential.

If you would be interested in pursuing this unique opportunity please contact **Charles Ritchie** on **01-831 2000** or write enclosing a full curriculum vitae to **Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

COMPLIANCE OFFICER/ INTERNAL AUDITOR

City c.£40,000 bank benefits & car

Our client is the London branch of an international bank which stands among the leaders in the Japanese trust and banking industry. Since successfully setting up their operations in London in 1981, the Bank has continued to grow and there now exists a pressing need to recruit a Compliance Officer/Internal Auditor to work in their City office.

The successful appointee would be responsible for ensuring that the Bank complies with all relevant regulatory requirements as set out by BOE, AFBD and TSA, as well as undertaking an internal audit function. The post would therefore suit a qualified accountant who has had some experience in the compliance field, either working for a bank or a securities house.

Key personal qualities are self-assurance, credibility with senior management and the diplomatic ability to win acceptance of an innovatory function which controls, as well as supports, the Bank's activities.

Interested candidates should apply in writing, enclosing a full C.V. and current remuneration package to Anna Ponton, quoting ref C2604.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

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Contact: Resident Partner Phillip Hobson, Capco House, 31-47 North Quay, Douglas, Tel 662977

INTERNATIONAL EXPLORATION V.P.

Independent international oil company with extensive worldwide relationships seeks an International Exploration V.P. to manage a startup international exploration operation based in Houston. The successful candidate will have superior industry contacts; possess a strong geological, geochemical and geophysical background; be experienced in negotiating oil and gas concessions and be adept at delivering resale presentations to industry partners. Candidate must have major or large independent experience with demonstrable track record of hydrocarbon discovery.

Please send resume and salary history to:

Write to Box A1470, Financial Times, One Southwark Bridge, LONDON SE1 9HL

Credit/Marketing Co-ordinator
Major European Bank
Manchester Office
Attractive Banking Package

A unique opportunity to play an important role in a corporate marketing team with a leading European bank providing commercial and international banking services. The position would suit a lending banker, aged early 30's with good analytical skills and experience of credit administration and the provision of support to a marketing team. The duties cover assisting in the submission of credit applications and reviews, preparation of associated documentation, management information reports, administration control generally and include involvement in office services. Knowledge of German would be an advantage. This is an excellent career opportunity affording relevant and progressive responsibility.

For further details, please contact Frank Hoy, either by telephone or in writing.

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Gordon Brown

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Wallace, Smith is a specialist merchant bank based in London. The strongly analytical nature of our organisation is reinforced within our consulting group and our market making operations. Our goal is to add long term economic value to our clients' businesses by helping them both to make better decisions and to measure this improvement.

To assist us in meeting this goal, and in support of our growing operations in European markets, Wallace, Smith is now recruiting a further Risk, Arbitrage and Technical Analyst.

We are looking for an analytically minded, creative, flexible and ambitious individual with more than one year's relevant experience. Since a large amount of direct client work is involved, excellent interpersonal and presentation skills are essential. A good knowledge of technical analysis techniques would be useful. Programming skills in "C" would be an added advantage.

If your educational background reflects a degree in mathematics, statistics or engineering, combined with experience in financial markets analysis and modelling, we would like to discuss a career with you at Wallace, Smith.

Please send your curriculum vitae, in confidence to Philip Grainger, Manager, Human Resources, Wallace, Smith Trust Co Limited, Winchester House, 77 London Wall, London EC2N 1AB.

WALLACE, SMITH

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CJA

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We invite applications from experienced international fixed income sales executives who must have had at least three years' demanding background in this field. The selected candidate, who will work as part of a small closely knit sales team will be responsible for marketing high grade fixed income products including, eurobonds, mortgage-backed securities, Government securities, swaps and derivatives. Essential qualities are self-motivation, plus the ability to drive forward the sales of fixed income products independently, yet within a team environment. There is an excellent remuneration package plus generous benefits and competitive production-related commissions that will be offered to suitable candidates. Applications in strict confidence under reference IFIS/23055/FT will be forwarded to our client. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULANTS) LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

INVESTMENT ANALYSTS

Scotland

- Join an expanding team of committed professionals
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- Enjoy the benefits of developing your career with a major financial institution

Our client is one of the UK's leading financial institutions, with a worldwide operation. It has a reputation for achieving high standards and showing genuine commitment to its customers and employees.

As part of an expansionary programme, additional Investment Analysts are now required to join the equity management team. There are vacancies at a variety of levels and in different sectors, including opportunities for the right individuals to develop into senior management roles.

Applicants should have:

- a relevant degree or professional qualification;
- at least two years' practical experience of portfolio management

Of equal importance, will be your personal qualities. You must have a high learning capacity, strong analytical skills and the ability to deal with people effectively.

To register your interest in these exciting career opportunities, telephone Andrew Carroll on 081 835 3355. Alternatively, apply in writing with full career details and an indication of your current salary, to Mercuri Urval Ltd, Ship Canal House, King Street, Manchester, M2 4WU quoting to ref: AC/9164.

Mercuri Urval

SIB

Compliance Officers

The Securities and Investments Board currently seeks to appoint two high calibre individuals to join its Authorisation, Compliance and Enforcement Division.

The Division is primarily responsible for the Compliance assessment of SIB – regulated firms, including external visits. Companies regulated range from Building Societies, Unit Trust groups and Life companies to smaller intermediaries.

Candidates, who may be professionally qualified, must have experience of financial services gained, for example, within the unit trust or life assurance industries. Ideally graduates, the successful applicants will have good analytical and communication skills. An enquiring mind and proactive approach are essential, as is a mature and tactful disposition.

These positions offer an attractive salary and package, together with an excellent opportunity to gain an overview of the financial services industry from the apex of the regulatory framework.

Interested candidates should contact Karin Clarke on 01-831 2000 or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

SITA

Established in 180 countries, SITA operates the largest worldwide telecommunications and data processing network on behalf of more than 390 airlines. Two important opportunities have arisen within the Administration and Finance Division in our Head Office.

FINANCIAL CONTROLLERS

based Paris

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You will join the team which is responsible for the economic control of the organization throughout the world. Responsibilities will encompass budgeting, cost control, project management control, financial planning and economic studies. Beginner or first experience. (réf. AM)

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You will exercise supervision and control of fast-growing subsidiary companies throughout the world, concentrating on the following areas: budgeting, reporting, cost control, financial performance and strategy. We are seeking up to five years' experience in relevant fields. (réf. AF)

Candidates should have a business school degree or an equivalent qualification. Knowledge of French and computer literacy would be advantageous. The willingness to travel abroad is essential.

Good salaries will be supported with comprehensive benefits. Success in these assignments will create opportunities in other areas of financial management.

Please send your CV and salary details, under the appropriate reference, to SITA, Human Resources Directorate, 112 av. Charles de Gaulle, 92522 Neuilly-sur-Seine, France.

Challenging New Opportunity Corporate Finance

Senior Manager — **£Excellent**

Our client, a prestigious overseas banking group, which has the leading corporate finance operation in its home market, is currently establishing a new corporate finance subsidiary in London. The company will provide a full range of corporate finance advice, mainly to small to medium sized listed companies.

The corporate finance director has instructed us to recruit a senior manager to assist in the initial launch. Candidates should be qualified accountants and have at least 2-3 years' experience gained within the corporate finance department of a merchant bank or a leading firm of stockbrokers. A strong entrepreneurial drive and active marketing experience combined with strong technical competence are essential.

Interested candidates should contact Paul Wilson on 01-831 2000 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Corporate Banking — Property

c. £30,000

Our client is the expanding London branch of an international bank. Its property team has, over the last two years, established itself as a primary player and is poised for further growth with the appointment of an additional Marketing Officer. Aged 26-32, you should have strong credit skills covering syndicated and/or bilateral facilities, experience in the writing and negotiation of documentation and some exposure to new business development. Whilst one to two years property experience is preferred, people with a background in secured lending will certainly be considered. The Bank's commitment to this sector, combined with the team's steadily growing reputation, make this an excellent opportunity to develop specialist skills in an environment which offers security as much as scope for career progression.

In the first instance please telephone Loretta Quigley on 01-489 9494 (Fax 01-236 6118) or write sending a detailed CV to 12 Groveland Court, Bow Lane, London EC4M 9EH.

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LOMBARD
LOMBARD CONSULTANTS LIMITED

Swaps Marketeers

Global US Bank — **to £50,000 + Bonus**

Our client, the London branch of a Euromoney rated American bank, is currently looking to strengthen its Swaps team with the addition of two swaps marketeers. Candidates may come from a variety of backgrounds but must have some technical knowledge of swaps and derivative products – options, caps, collars, floors and equity derivatives. Intensive training will be given in the Financial Engineering team, before progressing to a focussed marketing role.

Ideally, individuals will be fluent in German or another major European language, with a strong mathematical and analytical background. Certainly a graduate, candidates may have an MBA, and the commitment to prove themselves in a highly results orientated team.

For the right candidates who have both the marketing skills and technical awareness, remuneration will be generous and career development a certainty.

Interested applicants should contact Arabella Goodford or Kate Griffiths on 01-831 2000 or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

FUTURES AND OPTIONS

GNI Limited is one of the leading European specialists in derivative products. We are continuing to expand our capacity in this area and are seeking the following experienced staff:

Institutional Broking

German and/or French speaking options brokers
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Fund Management

Institutional Salesman with languages

Interested candidates should apply to Hugh Morshead on 01-378 7171 or by writing in confidence to the address below.

GNI Limited
Colechurch House
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London SE1 2SX

GERRARD & NATIONAL INTER COMMODITIES GNI

AFBD MEMBER

SMITH NEW COURT PLC

UK ECONOMIST

Smith New Court is the leading independent securities house. We are expanding our coverage of U.K. economics and require a graduate economist with at least two years experience in a financial environment. Reporting to the senior U.K. economist, the successful candidate will also work closely with our portfolio strategists. Applicants must have strong analytical and communications skills. A background in monetary economics would also be advantageous. Salary is negotiable, but will be highly competitive.

Interested candidates should write, enclosing brief c.v. to:

Miss L M Holbourn, Personnel Manager,
Smith New Court PLC,
Chetwynd House, 24-30 St Swithin's Lane,
London, EC4N 8AE Tel: 626 1544

CORPORATE FINANCE EXECUTIVES £40-80,000 (AAE)

Candidates will have excellent academic qualifications and well-developed inter-personal/management skills. They will have gained experience of Mergers and Acquisitions, Flotations and Corporate Re-organisations within a Top Firm of Chartered Accountants or major financial institution.

Please call David Paton, Search & Selection, Hynes Associates Ltd, IBC 77-79 Wells Street, London W1P 3RE. Tel: 01-580 5522

CORPORATE FINANCE EXECUTIVES £25 - 35,000 + BENS NEWLY QUALIFIEDS FOR LONDON BASED MERCHANT BANK

Candidates will be in their mid 20's, Hons. Grads (pref Oxbridge) and ACA first time passers. Excellent inter-personal skills are essential.

Please call David Paton, Search & Selection, Hynes Associates Ltd., IBC, 77-79, Wells street, London, W1P 3RE.

Oil Market Consultancy Service

Oil market Economist/Analyst (PhD, Dip., MCIM, MBIM) is available to undertake any Oil consultancy work, oil markets' research and analysis, feasibility studies and surveys. Ready to travel Worldwide at customer's request. For any services. Please contact or write to:

Dr M G Salameh,
Spring Croft, Sturt Avenue,
Haslemere, Surrey
GU27 3SJ, England
Telephone: (0428) 4137
Fax: (0428) 56262

FINANCIAL LEASING

BIG TICKET **i.e. often £100m +**

The objective is of course to avoid corporation tax completely, but is poor tax capacity or even losses stifling your flair and imagination to develop the LOVE interest and expertise you have in the leasing business to achieve that objective?

Are you a leasing manager sufficiently skilled in negotiating deals with A+ creditors and in juggling with cash flows to do so over several different leasing companies growing from 'scratch' to one billion over the next 12-18 months? Can you manage the hedging of what will rapidly become a very complex portfolio with huge upside potential in an assertive small team environment?

***Ready to grasp these opportunities with the confidence and authority to* grow with the concepts, you will be a graduate ACA/AIB aged late 20's to mid 30's who is not presently part of a huge team and therefore too specialised.**

Initial package is negotiable but salary and bonus indicator is £50,000 plus car and full banking benefits.

Please send in strict confidence, a comprehensive curriculum vitae, including details of your current remuneration and a daytime telephone number.

Your details will not be released to any third party without prior express permission.

HODGSON IMPEY

Peter Willingham (Ref 106)
Managing Director
HODGSON IMPEY
SEARCH & SELECTION LTD
50 Pall Mall, London SW1Y 5JQ

FLEMINGS

INVESTMENT TRUST MARKETING MANAGER

Robert Fleming is a major UK based investment bank with significant activities in the Far East, Continental Europe and the U.S.A. With eleven Investment Trusts under management, Fleming Investment Trust Management Ltd. is the leader in its field. Our *international network gives us the knowledge and local expertise* to manage assets successfully in all the world's major markets.

The recent growth and success of this part of our business has resulted in the need to recruit a Marketing Manager. The brief *will involve the formation and implementation of a marketing* strategy and the management of a small department. This is very much a "hands on" role and will require active involvement in all aspects of marketing our Investment Trusts.

The successful candidate will be able to demonstrate a proven track record in the marketing of retail financial service products. Experience of both direct marketing and dealing with intermediaries will be required. He or she will have a degree level education and will probably be aged between 30 and 45.

Salary is negotiable but will not be an obstacle to the appointment of the right candidate. A company car and full banking benefits are also offered.

Applicants should write enclosing a C.V. to:

David Weeks, Personnel Manager,
ROBERT FLEMING & CO. LIMITED
25 Copthall Avenue, London EC2R 7DR

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Young, dynamic management team has acquired prestigious US based consultancy. Plan major emphasis to develop and expand existing EEC divisions. Need European professionals possessing contemporary leadership skills and broad business acumen to assume unit and eventually Eurogroup directorship. Candidates must be English speaking with at least 2 EEC languages. French and Spanish preferred. Must show accomplishments of progressive importance within corporate business environment. Hirees will be trained in U.S. and positioned to assume increasing *leadership role in EEC operations,* Skills in information strategy, organization development and general management highly desirable. Total EEC business *image critical. Compensation to six* figures U.S. dollars.

Send C.V. to: Euro - Group, Companies House, Tower Street, Ramsey, Isle of Man, U.K.

BRITISH RAIL PENSION FUND QUANTITATIVE ANALYSIS

This new post will assist in the development of investment appraisal and performance analysis, focusing in particular on:—

- *quantitative assessment of investment manager performance*
- investment management alternatives
- asset class portfolio characteristics

Candidates should have at least a good degree in a quantitative discipline. Some knowledge of securities and financial markets would be helpful but an enquiring and rigorous approach is more important. The successful candidate is likely to be less than 30 years old.

An attractive pay and benefits package will be offered.

Please write in strictest confidence, enclosing a c.v. to Peter Stanyer, Head of Investment Appraisal:

British Rail Pension Trustee Company Limited,
6th Floor,
Broad Street House,
55 Old Broad Street,
London EC2M 1RX

JUNIOR ECONOMIST

FINTECH (U.K.) LIMITED is seeking a Junior Economist to be fully responsible for the complete preparation of our monthly Foreign Exchange Outlook, as well as supporting our consultants with up-to-date economic views.

The ideal candidate should have a degree in international economics with 1-2 years experience preferred. Familiarity with currencies would be an advantage, but the ability to effectively analyse economic/financial policies in terms of potential currency movements and to present it in a lucid an easily understood publication is a primary requisite. Knowledge of foreign languages will be a plus.

Please reply to: Mr Donald R Lewis, Managing Director, Fintech (U.K.) Limited 14 High Street, Windsor, Berkshire SL4 1LD

INTERNATIONAL APPOINTMENTS

International Fund for Agricultural Development, IFAD (United Nations), Rome, Italy, seeks candidates to fill the post of Treasurer at the P5 or D1 level.

Reporting to Vice President, incumbent:

- Manages IFAD's Investment Portfolio, currently approximately US$1 billion in different currencies. Recommends to President and Executive Board overall investment portfolio guidelines.
- Prepares, with an external financial adviser, the investment strategy considering changing market conditions/need for investments in various currencies. Participates in Investment Committee meetings to decide on short-term and long-term investment strategy.
- Manages all investment decisions i.e. cash deposits/time deposits/bonds/other financial instruments/exchange activities.
- Maintains close contacts with commercial and investment banks/other financial related institutions.
- Controls all bank accounts and all cash management, including payments/loans and grants disbursements.
- Supervises collection of contributions from member governments and private sources.
- Participates in arrangements for replenishment of IFAD's resources.
- Supervises treasury staff and other related duties.

Qualifications/Experience: Advanced University degree or equivalent in Banking, Finance or Business Administration. Approximately 15 years of experience in banking/finance of which 5 years should be at a management level, preferably in financial institutions. Good working knowledge of computers. Full command of English, knowledge of Arabic, French or Spanish an advantage.

Depending on experience/qualifications, net base salary from US$36,293 to US$49,287. Cost of living allowance subject to change according to United Nations common system from US$21,143 to US$27,282.

Initial contract: two years
Deadline: 28 February 1990
Send two copies of application to:

IFAD
Personnel Division
Via del Serafico, 107
00142 ROME
Italy or Fax 5043463

Only shortlisted candidates will receive an acknowledgement.

Investment Fund Management

Our client is the fund management subsidiary of a major European bank. Through its offices in financial centres around the world, institutional clients are provided with a highly sophisticated portfolio management service. Expansion plans have now created the need for two experienced managers for the following key positions, based in London.

Director - Equity Portfolio Management

Probably in your late 30's or early 40's, you will have a proven track record of success in managing portfolios of international equity investments, including some specialist knowledge of the US market. You must also demonstrate strong man management abilities, as you will be expected to motivate and develop a small team of fund managers and analysts.
Ref: 133/TN/90

Marketing Manager

You will be responsible for marketing the group's portfolio management services to institutional clients in the UK, Northern Europe and the Middle East. Good selling skills are essential and you must also have a knowledge of investment management, covering international equities and fixed interest securities.
Ref: 134/TN/90

Competitive salaries will reflect the *importance attached to these positions* and the attractive benefits package will include performance-related bonus, mortgage subsidy and company car.

To apply, please contact Tim Nicholls (quoting the appropriate reference) at Austin Knight Selection on 01-439 5783 (01 494 1093 evenings/weekends). Or write to him, enclosing a detailed CV at Knightway House, 20 Soho Square, London W1A 1DS.

Austin Knight

Chief Examiner

FOR INSTITUTIONAL INVESTMENT ADVICE
SYLLABUS OF THE SECURITIES INDUSTRY EXAMINATION

The International Stock Exchange wishes to appoint a Chief Examiner for the Institutional Investment Advice paper. This is a part-time position, likely to be of interest to senior practitioners and/or appropriately experienced academics.

The Securities Industry Examinations are the senior professional level examinations run by the International Stock Exchange and comprise eight papers of which Institutional Investment Advice is one.

The duties of Chief Examiner include the setting of question papers and marking schemes, marking scripts and advising on the standards required of examinees. Full administrative support is provided by the International Stock Exchange.

Further details of this post are available from the Examinations Section, telephone 01-588 2355 ext. 23700.

Applicants should send a copy of their C.V. by February 23rd at the latest to:
Ann Page, Examinations Officer, Individual Registration and Qualifications Department,
The International Stock Exchange,
Old Broad Street,
London EC2N 1HP.

THE INTERNATIONAL STOCK EXCHANGE LONDON

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International Express Courier

Wants : Sales Manager for North Europe, Head Office in Brussels

Requires : knowledge of written and spoken English and former experience in similar position.

The Company offers an attractive salary commensurate with qualifications and experience, Company car, and the other benefits normally associated with successful Companies.

Send C.V. to:
Casella SPI - 241/B
20100 Milano - Italy

INTERNATIONAL APPOINTMENTS

Reinhold

ESTATES MANAGER
INTERNATIONAL PROPERTY GROUP

Reinhold is an international development company, operating in Germany, France, *Portugal, Spain, Sweden and the United Kingdom.*

We are looking for an Estates Manager to work from our Frankfurt Office and to *develop our property activities throughout Germany.*

You will be responsible for the acquisition of development opportunities for the *financing of these deals and for seeing the developments through to completion and* ultimate sale.

You will also be responsible for the day-to-day management of the German operation and for achieving budgets set out by the parent board.

You will have a banking or property backgroud, preferably with a management qualification. You will probably be in your mid-thirties with a proven knowledge of all aspects of real estate and financing in Germany. Fluency in the English Language is also essential.

We offer a very competitive remuneration package.

In the first instance, please forward your career details in confidence to: A T Andrew Braddon, Managing Director, Reinhold GmbH, Grosse Bockenheimer Strasse 13,6000 Frankfurt 1, West Germany

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would like to add to its staff a
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in order to intensify its commercial transactions in Africa.

This responsible function which is directly subordinated to the head of department will demand a sense of initiative, creativity and tact.

The candidate must have a vast experience in international trading.

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Please send your application to
Mr. Pierre André, Personnel Manager, Ch. Messidor 7, P.O. Box, CH - 1002 Lausanne

CU ASSET MANAGEMENT

Investment Analysts

CUAM, with over £13bn of funds under its control, world-wide, is expanding its recently established Company Research Team through the recruitment of four experienced analysts. Reporting to the Head of Research, you will be responsible for undertaking all aspects of original, in-depth research into UK quoted companies. Particular emphasis will be placed on research into smaller companies.

You must possess an excellent first degree, preferably a professional qualification, and be an effective communicator in both written and oral form. You should have a minimum of three years analytical experience either as a *sector specialist or as a generalist.*

We offer an excellent benefits package which includes competitive salary, bonus and house purchase scheme. Please write with full C.V. to Geoff Ridgway, Personnel and Admin Manager, Commercial Union Asset Management, St Helen's, 1 Undershaft, London, EC3P 3DQ.

Franklin College Switzerland announces two full-time positions in INTERNATIONAL MANAGEMENT, available Fall, 1990

1. Finance. Teaching includes Finance, Accounting, Strategic Management.
2. Marketing/Management. Teaching includes International Management, Marketing, Organizational Behavior, Multinational Organizations.

Duties for both positions include teaching in and developing program for International Management. Franklin College is a four year liberal arts college located in Lugano, fast growing financial center of southern Switzerland.

Qualifications: terminal degrees, and for US candidates, experience in international business. Knowledge of Italian, French, or German desirable. For European candidates, knowledge of and experience in US colleges or universities. Language of instruction is English. Student and faculty are multi-lingual.

Salary, conditions commensurate with credentials and experience. Contact Dean Robert Lewis, Franklin College Switzerland, via Ponte Tresa 29, 6924 Sorengo-Lugano Switzerland. Tel. 41/91/55.01.01. Deadline for applications is 28 February 1990.

FRENCH FINANCIAL HOUSE
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Looking for institutional salesman to handle clients relationship with British and American institutions.

- knowledge of French necessary;
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with substantial experience in Liberian Corporate and Maritime law and international insurance management experience, required urgently. Fluency in French and Spanish essential, New York based experience preferred.

Contact: Resident Partner Phillip Hobson, Capco House, 31-37 North Quay, Douglas Tel 662977

STOCKBROKERS

International Stockbrokers firm based in Paris seeks US equity salesmen.

Send resumé in confidence to: Box A1459, Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANCY COLUMN

US fury over threat to 'cherry picking'

By Pratap Chatterjee in New York and David Waller in London

FINANCIAL institutions are up in arms in the US over a proposed accounting rule for valuing debt securities.

The US investors say the proposed new rule could disrupt the bond market and scupper plans to make the setting of US standards a less complicated procedure than it is at present. The furore makes the heated debate in the UK over accounting for goodwill seem mild by comparison.

The draft rule, issued last month by the Accounting Standards Executive Committee (AcSEC), requires banks, credit unions, insurance companies, finance companies and savings and loans associations (S&Ls) to account for any debt securities they own at the lower of cost or market value – unless the institution can prove that it plans, and is able, to hold the security until it matures.

The fuss is even greater than it might otherwise be because AcSEC is not the main standard-setting body in the US.

It is a minor standard-setting arm of the American Institute of Certified Public Accountants (AICPA) that rules on specific issues which the main body, the Financial Accounting Standards Board (FASB), does not have time to deal with.

Mr John Kreischer, AcSEC chairman, claims boldly that the rule will help prevent many of the recent failures of institutions such as the S&Ls.

In contrast to the UK standards-setters, who are rather wary of suggesting that the new goodwill rules are designed to impinge on commercial reality, Mr Kreischer says that the proposal will also help in "issuing death certificates to patients that have already died."

Existing accounting guidelines for debt securities were developed in the early 1960s and 1970s. The rules reflected the fact that financial institutions separated trading and investment activities.

According to the rules, stocks and bonds held as investments were to be valued at cost, irrespective of their value in the market. Those held for trading purposes had to be valued at the the lower of historical cost and the market price at the balance sheet date.

Investment managers soon spotted opportunities for accounting arbitrage and began manipulating the composition of the portfolio to bolster the accounting profit.

Mr Kreischer maintains that many financial institutions, particularly the S&Ls, took advantage of the accounting differences between trading and investment portfolios in order to maximise their profits and mask their losses.

The technique was simply to shuffle securities between the two different types of accounts when their market values changed.

The practice, known as "cherry picking" or gains trading, consists of selling profitable securities, thus realising the profit for reporting purposes, and keeping hold of those securities which have sunk below the purchase price.

By placing the loss-making securities in investment portfolios, the investment manger is not obliged to recognise any loss: the investment sits at cost price irrespective of the market value.

The existing FASB rules state simply that instruments had to be held for investment for the "foreseeable future" in order to be inclnded in the investment portfolio. The practice of trading securities in an investment portfolio was permitted so long as there were "compelling business reasons."

Some US institutions are saying that the strict division between the two types of accounts envisaged by the new rules will have a malign influence on decision making.

Specifically, they believe the rules will force them to divest themselves of debt securities less likely to show short-term gains and to hold onto securities recorded in an investment account which later turn out to be bad investments.

They also say that the rules are unfair because they apply only to the asset side of the balance sheet and not to the liability side.

According to a recent Federal Deposit Insurance Corporation (FDIC) report the banking industry held $478bn (£282bn) of securities with a maturity value of less than a year and $395bn of securities with a longer maturity value. Of the total, $365bn were Treasury securities.

Industry observers and participants say that the rules will result in a dramatic drop in demand for debt securities with a maturity value of more than six months. Investors say that they may well not be willing to commit themselves to holding on to these securities until maturity, which may be a decade hence.

Thus, if the value of the security drops below the price they paid for it, they will have to recognise a loss immediately.

Under the existing rules, they argue, they may be encouraged to hold on such securities for much longer – until the market value comes back into line with the purchase price or even exceeds it.

The new rule stems, in part, from the S&L crisis discovered last year when investigations into the industry revealed that many of these government-insured associations were actually bankrupt. The US taxpayer is now saddled with a bill estimated at almost $160bn.

According to the investigators, many of the problems were a result of shoddy accounting practices that allowed "cherry picking" and the failure of accountants to detect rule-bending and, sometimes, clear criminal activity.

When AcSEC issued its proposal, financial institutions promptly rose in uproar. AcSEC was exceeding its authority, they said. They pointed out that FASB was working on the same issue within the context of its larger project on all types of financial instruments and therefore everyone else should hold off until it had reached a decision.

Ms Debra Perry, a vice-president for financial standards at First Boston, said: "Let's not pull the rug out from under the feet of these industries with a quick fix."

She said AcSEC's rule might signal an "unwarranted death knell" for some institutions, if as a result of the new rules they failed to meet new capital requirements.

Arguing against the AcSEC rule, financial institutions and their representatives – such as the American Bankers Association (ABA) – point to the fact that FASB has recently accepted suggestions designed to prevent the imposition of costly, impractical standards.

Accepting an AcSEC standard will be tantamount to bypassing the new standard-setting procedure, they say.

Although FASB's financial instruments project is not expected to be completed for at least a year, FASB staff are already known to be thinking along broadly the same lines as AcSEC.

Meanwhile Ms Donna Fisher, accounting representative for the ABA, has suggested a remedy which may prove more palatable to the investment industry as well as preventing a repetition of past abuses.

She argues that realised and unrealised gains together with realised and unrealised losses for each type of debt security should be disclosed.

If that were done regulators would be able to detect "cherry picking" by checking to see if realised gains and unrealised losses were unusually high.

ACCOUNTANCY APPOINTMENTS

INTERNATIONAL PROJECT ACCOUNTANT

Berkshire **Hi-tech** **c £28,000 + Car**

The company, with a turnover in excess of £200m, is a highly progressive and growth orientated enterprise in the hi-tech sector and plans to sustain this exponential growth with domestic and international market development.

An International Project Accountant is now sought to act as a key business adviser. The successful candidate will provide the financial expertise to support the evaluation, progress and control of major new projects worldwide. Where appropriate, the individual will provide line management skills to assist in the start up of new finance functions and will work closely with operational personnel.

This key appointment will suit a qualified Accountant, ideally Chartered, aged 28-35 with the necessary skill, enthusiasm and business acumen to develop the role. It is envisaged that the role will lead to permanent line management responsibilities either in the UK or overseas.

The company will offer an unrivalled environment for career development and a comprehensive executive benefits package.

For further details please telephone Fergus Hooley on 01-831 2323 or fax your CV to him on 01-404 5773.

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BUSINESS ANALYST

You will be a qualified accountant familiar with the insurance industry. Work will cover analysis of group companies and potential acquisitions, review of group accounting and tax structures and development of the group analysis functions. *Ref: BAFT*

INTERNAL AUDIT MANAGER

Ideally a qualified accountant, steeped in internal audit, it is essential you have experience within the general insurance sector. You will create and establish the internal audit function, instituting audit procedures across the group companies, eventually building a small team. *Ref: IAFT*

PROJECT ACCOUNTANT

Working directly for the Group Finance Director on a number of varied projects, you will be qualified and looking to broaden your commercial experience. *Ref: PAFT*

The company is open minded on salaries. You will have a good idea of what you are worth and they are prepared to put together a total package to suit you.

For further information, please contact Catherine Marsden at the number below, or apply to her with a covering letter and CV, which will be forwarded directly to the client.

MANAGEMENT PERSONNEL
25 City Road, London EC1Y 1AA
Tel: 01 256 5041 (24 hours)
Fax: 01 374 8848

TRINITY

Financial Controller

Major Property Company

London **c.£30,000 + car**

Our client, part of a major financial services group, ranks among the largest property companies in the United Kingdom. Controlling a £ multi-billion commercial property portfolio – both in this country and overseas, the company is also an important developer in its own right with a record of innovative and prize-winning projects. Planned development programmes currently exceed £300 million.

The company's property operations are supported by a 20 strong finance and accounting team who control all day-to-day accounting services, management information systems, system enhancements and reporting routines. The company's accounting systems environment is highly computerised.

To lead this team, reporting to a Director, we now seek a qualified ACA aged around 30 years. Candidates, men or women, must have acquired a minimum of two years' experience in a high quality, multi-faceted property operation. A sure understanding of the workings of the property business will be critical, as will be management and communication skills and an ability to work closely with the company's property professionals.

This is a demanding post which will respond to the needs of an equally demanding candidate. The role will require continual involvement in projects outside the normal run of the accounting department with frequent liaison with all levels and across the many disciplines within the business.

Please write with full personal details and quoting reference A2660, to **Brian Codd** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.**

CJH Codd·Johnson·Harris

Financial Controller

High Growth Consumer Goods Company

Stockholm **US multi-national** **c.350,000 Kronor + Bonus + Car**

My client is the Swedish subsidiary of a major international company whose business is characterised by high growth in a fast moving sector and where high quality financial systems are seen as an essential business discipline.

You would form part of the local senior management group reporting to the Managing Director and your role would include a range of other responsibilities such as information systems, personnel and distribution. It is a post that offers considerable scope to influence the strategic direction of the company both in Sweden and in other Scandinavian markets.

We would therefore like to talk to energetic finance professionals, business graduates or qualified accountants in their early to mid 30's, whose next career move is into a Controller's position. Our target is a Swedish national whose experience has been gained in a high quality international company where English is the common business language. Specific experience should include budgeting, financial reporting, credit control and the provision of a financial service to marketing management. Additional broader experience including EDP responsibility and general business administration would be helpful.

My client offers a comprehensive range of employment benefits including relocation assistance. Interviews will be conducted in London and Stockholm.

Applicants of either sex should apply in confidence to Michael Johnson on (0962) 844242 (24-hour service), fax no. (0962) 841998, or write to Johnson Wilson & Partners Ltd, Clarendon House, Hyde Street, Winchester, Hants SO23 7DX quoting ref. 1041.

Johnson Wilson & Partners
Management Recruitment Consultants

CENTRAL LONDON **c.£28,000 + F/E CAR**

Finance Director

For this young, dynamic and rapidly expanding commercial insurance brokerage where annual premium income now exceeds £35m. The company, is an autonomous subsidiary of a major services organisation which has throughout achieved an excellent reputation for the quality of its products and services.

As a key member of a small and highly motivated management team, you will be expected to contribute significantly to the business activities and actively support its development and planning processes. With total responsibility for the finance functions, you will be required to provide timely, accurate and relevant management reporting, financial analysis and statutory information. Early tasks will include the requirement to assist in the implementation of company-wide computerised information systems.

A Chartered or Certified Accountant, probably in the age range 27-32, you must be able to demonstrate well developed commercial acumen in addition to sound technical skills. Ideally, you will have gained experience in an insurance environment and have acquired a sound knowledge of computerised accounting systems. As an individual, you must be a "hands on" and enthusiastic person with the ability to manage and motivate a small team and the personal standing to be of influence at Board level.

Please reply in confidence enclosing a career résumé and quoting a daytime telephone number to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing, 9 Greyfriars Road, Reading RG1 1JG. Telephone 0734 597111 quoting reference AE811.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Finance Director

West Midlands **Package £30k + Car**

Our client is a multi-national corporation with a global turnover approaching $300 million and is a market leader in the supply of equipment and systems which measure, control and apply fluid materials.

Their corporate goal is to generate sustained, profitable growth and a recently implemented development programme, which includes a provision of growth through acquisition, has resulted in a challenging opportunity within its UK distribution outlet.

Reporting to the Managing Director, you will be given full responsibility for all finance and related functions in a demanding and commercial environment.

In particular, you will be required to adopt a hands-on approach to the implementation and development of a management information system.

Candidates, aged 26-30 years old, should be qualified accountants and possess an assertive, self-confident, entrepreneurial nature, as success in this role will lead to further opportunities within the group in financial or general management.

Interested candidates should write, enclosing a comprehensive curriculum vitae, to
David Greenwell at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Northern Ireland Electricity

Finance Director

Northern Ireland Electricity is the Province's largest industrial organisation with a turnover of over £1m per day. Employing nearly 6,000 people, Northern Ireland Electricity has embarked upon an extensive strategic and cultural change to develop a long-term competitive advantage for the business combined with quality service for its customers.

The Government has announced its intention to privatise Northern Ireland Electricity in the spring of 1992, and the Finance Director will be expected to play a leading role in preparing the organisation for plc status.

Holding a key position in the management team, the scope of the role will include the assessment of business expansion opportunities, the development of financial strategy and the provision of an enhanced level of financial services and expertise to all parts of the business, as well as developing key areas such as Treasury and Tax.

Potential candidates should demonstrate strong negotiating and management skills with the necessary sensitivity to bring about the long-term organisational change required. Candidates will be qualified accountants (preferably chartered) with extensive experience in a customer orientated medium/large plc environment with established City relationships and the personal credibility to both represent the organisation and deal with financial institutions and government ministers.

The remuneration package will reflect the seniority of this appointment and is unlikely to be a restricting factor for the right candidate. Relocation will also be paid if appropriate.

Those wishing to discuss this position further may telephone Sam Cullen on (0232) 244001. CVs, which may be discussed directly with our client, should be sent to him at
Executive Selection Division
Price Waterhouse
Royston House
34 Upper Queen Street
Belfast BT1 6HG

Price Waterhouse

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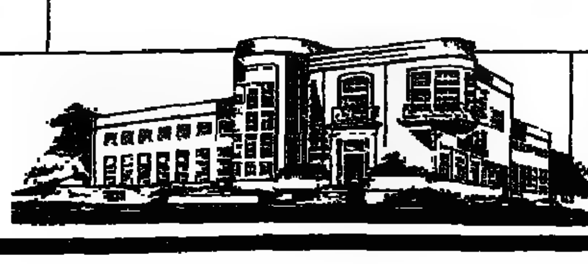
Currently we are one of the fastest growing UK pharmaceutical companies and have an enviable new product portfolio. Sustaining this growth in the 1990s requires expert and professional support, and the keystone of this support is the direction and management of the finance function.

The Finance Director's major tasks, in addition to the direction of financial and management accounting and management information services, comprise long-term planning and strategic objective identification, and high-level interface with outside bodies. Strong ties with corporate Johnson & Johnson and associate company financial management also have a high priority status.

We now seek a successor to our retiring Finance Director. A Chartered accountant with at least 10 years' post-qualification experience and practised in the financial management of a vigorous industrial company, preferably within the pharmaceutical industry, is the base requirement. Highly developed management and communication skills are also vital.

The appointment is initially at Board level, with full Director status in January 1991. We offer the salary and management bonus scheme, car, pension and other benefits expected at this level but the major attraction is the opportunity to play a significant part in the further successful development of our Company.

Please write, with a full cv, in strictest confidence to Mr. G F Furze, Personnel Director, Cilag Limited, Saunderton, High Wycombe, Bucks HP14 4HJ.



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Portfolio

CORPORATE STRATEGY/ ACQUISITIONS
Central London
to £28,000+car

- Blue Chip Company
- Newly Qualified ACA
- Outstanding Prospects

Excellent opportunity to join the Corporate Planning team of a major company. Exceptional exposure to top management and commercial issues. The successful applicant will be highly intelligent and display first class interpersonal, analytical and numerical skills.
Telephone **PETER GREEN** on 01-836 9501 quoting Ref. FT14290/A.

POST MERGER REVIEW
West London £33,000+car

- Excellent Career Prospects
- ACA, CIMA, ACCA

This multinational pharmaceutical company requires an Accountant to review the synergistic effects of a recent merger. The ideal candidate will have a track record of proven success to date but will also exhibit the vision necessary to grasp the non-financial and strategic factors involved.
Telephone **JAMES DUTHIE** on 01-836 9501 quoting Ref. FT14290/B.

ACQUISITION ACCOUNTANT
West End c. £27,000+car

- Top Quality USM Group
- Phenomenal Growth
- German Speaker

A high performer on the USM, this company in an attractive service business requires newly qualified Accountant to undertake post acquisition work in Germany and the UK. Good German, a strong business awareness and the ability to front up operations in Germany are prerequisites.
This is an exceptional entry point for a large firm trained ACA.
Telephone **DEBORAH SHERRY** on 01-836 9501 quoting Ref. FT14290/C.

MANAGEMENT ACCOUNTANT
Surrey c. £30,000+car

- Progressive plc
- Blue Chip Trained CIMAs
- Projects for Board

Top quality British plc seeks a CIMA with c. 2 years PQE to undertake management information projects for senior business people at Group level. Candidates must be academically bright and at ease in a high profile, demanding role. Proven track record will be rewarded with fast promotion.
Telephone **PIPPA CURTIS** on 01-836 9501 quoting Ref. FT14290/D.

GROUP ACCOUNTANT
Central London
£30,000+car

- Highly International
- Division of Blue Chip plc
- European Input

This major division of a diverse plc seeks a qualified accountant with consolidation experience to be part of a small Head Office team. As well as becoming involved in a wide range of accounting issues, there will be much liaison with subsidiaries, particularly in Europe.
Please telephone **LIZ OSBORNE** on 01-836 9501 or write quoting Ref. FT14290/E to Douglas Llambias Associates,FREEPOST,410 Strand,London WC2R 0BR.

FINANCIAL MANAGEMENT CONSULTANCY ACA/CIMA/ACCA
Central London
£28-40K+car

- Rapid Growth
- Broad Client Range
- Assignment Variety
- Tailored Training Programme

This international firm of accountants relaunched its consultancy 3 years ago, since when their headcount has tripled. It is intended to continue this growth during 1990.
Additional graduate consultants are therefore required to join the broad-based Financial Management Group. Interested individuals with post-qualification experience gained within a Blue Chip environment should send a full CV with daytime telephone number and quoting Ref. FT14290/F to **COLIN WISEY** at our London address below.

DOUGLAS LLAMBIAS

20 YEARS
PUTTING THE RIGHT PEOPLE IN THE RIGHT JOBS
Douglas Llambias Associates, FREEPOST, 410 Strand, London WC2R 0BR.

PQE

WOKING £26,000

Financial Planner
This is a strategic planning role within a leading US communications corporation that will offer a career path into commercial operations. Liaising at board level, your initial brief will cover budget preparation and review together with financial planning and decision justification. Ref: 22LJF78

Contact the Manager: 26 Commercial Way, Woking 0483 771445
Fax: 0483 727225

EPSOM c£22,000

Assistant Chief Accountant
Large hotel/catering organisation offers a special project-orientated role. Providing a crucial link between commercial operations and finance, you will manage office services and training programmes as well as performing system reviews and ad hoc exercises. Excellent working conditions and comprehensive benefits guarateed! Ref: 01151

Contact the Manager:23 High Street, Epsom 0372 745020
Fax: 0372 722552

NEWBURY £25,000 + car

Management Accountant
This new position has been created due to expansion at a US owned software company which seeks an ambitious individual. Reporting to the Financial Director, the role will increase your experience of annual planning, forecasting, year-end reviews and profitability exercises. Ref: 28LJF483

Contact the Manager: 28 Northbrook Street, Newbury 0635 529066
Fax: 0635 529091

CHESSINGTON £25,000

Head Office Accountant
This thrusting company designs, manufactures and markets state-of-the art-visual equipment across the world. The role involves a full range of pre-audit accounts preparation and fairly complex payroll management plus the ability to cope with regular acquisitions. Excellent benefits include valuable share option scheme. Ref: 94462

Contact the Manager: 70 Clarence Street, Kingston 01-547 3505
Fax: 01-547 1425

ESSEX c£27,000 + car

Line Manager
Giant food manufacturer/distributor, whose turnover exceeds £100 million, offers a line management role of great scope. With emphasis on financial control, staff management and co-ordination of extensive resources, the sheer scale of the job will ensure an exhilerating challenge and excellent options for the future. Ref: 46733

Contact the Manager: 35 Cranbrook Road, Ilford 01-478 0061
Fax: 01-478 1643

RICHMOND c£25,000

Deputy Financial Controller
This expanding computer company of £20 million turnover seeks a new contributor to its young, ambitious and totally dedicated management team. Managing 5 staff, key tasks will range from statutory accounting and analyses to ensuring the smooth integration of old systems into a brand new package. Ref: 6781A2

Contact the Manager: 21 George Street, Richmond 01-940 4488
Fax: 01-940 1627

Post Qualification Experience — send your CV or phone the appropriate Manager or our Specialist PQE Career Advisers on 01-489 0403 (24 hour answering service) for an application form now.
Reed actively promotes Equal Opportunities.

REED... accountancy

LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Lectureships in Accounting and Finance

Applications are invited for three lectureships in the Department of Accounting and Finance commencing in October 1990.

Preference will be given to those with interests in finance, financial accounting or international accounting. Applications will also be welcome from good candidates, whatever the area of interest. Candidates possessing a strong research background will be particularly welcome.

One of the posts is available under the New Academic Appointments Scheme which is intended to bring young people into an academic career and for this post preference will be given to candidates under 35.

Appointment to the NAAS post will be at an appropriate point of the Grade A salary scale for lecturers, £10,458 to £15,372 plus £1,767 London Allowance.
Appointment to the other two posts will be at an appropriate point of the Grade A or Grade B salary scale for lecturers, £10,458 to £15,372 or £16,014 to £20,469 plus £1,767 London Allowance.
In assessing starting salary consideration will be given to age, experience and qualifications.

Application forms are available on receipt of a stamped addressed envelope from the Administrative Officer, H 510, London School of Economics, Houghton Street, London WC2A 2AE.

Closing date for applications: 16 March 1990.

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FINANCIAL ANALYSIS MANAGER

Develop your proven skills in a brand new function

Basingstoke • Attractive Salary & Quality Car

Sony Broadcast & Communications markets and distributes Sony's increasingly advanced range of professional audio and video products throughout Europe, the Middle East and Africa.

Our busy Finance Function, with some 30 staff, uses the latest mainframe and PC systems to provide an effective and essential service throughout the Company. Keen to extend this service, we are looking for an experienced professional to join the existing management team and establish a new Financial Analysis function.

The technical challenge will involve the enhancement of existing databases, the creation of new data gathering systems, and the development of reports and presentations, in order to provide a full management information service covering all operations in this complex business. The varied management responsibilities will involve liaising regularly with line managers, promoting the credibility and profile of the new function, as well as developing your own financial analysis team.

Clearly this is no back-room role. It is a senior position assuming an increasingly pro-active stance and providing invaluable exposure to all aspects of business in a multi-national, multi-currency environment.

A qualified Accountant – ideally ACA – you should have at least 4 years' impressive post qualification commercial experience and a strong interest in financial analysis. You should also be a confident and persuasive communicator, able to deal effectively at all levels.

The salary is negotiable and will reflect the importance we attach to this role and to your potential. It will be supported by a generous benefits package including company car and full relocation assistance if required.

To apply, please write to:
Chris Eves, Personnel Manager,
Sony Broadcast & Communications,
Jays Close, Viables, Basingstoke,
Hampshire RG22 4SB.

SONY.

Sony Broadcast &Communications

ASSISTANT FINANCIAL DIRECTOR
LOCATION: LEICESTER COMPETITIVE SALARY + CAR

Our fast developing Company with a turnover of £33m publishes the Leicester Mercury, which is the 5th largest regional daily in England and Wales. In addition the Company publishes a weekly newspaper series and operates a chain of retail newsagents. The Company has a commitment to investment which will maintain its position as a leader in the regional newspaper industry.

We require a QUALIFIED ACCOUNTANT, preferably a graduate between 25 and 36, to fill this senior position. The successful candidate will be responsible for the management of an established group of people and the provision of financial information to senior management. In addition he/she will be part of a team developing new computer systems.

If you have the following, we would like to meet you:

- The desire to apply your skills in a commercial situation.
- An analytical approach to ensure sound systems design.
- Communication skills to liaise at all levels.
- *Management abilities in staff control.*

We offer a competitive salary, a company car and other executive benefits. The potential for career development is considerable as our Company is part of Northcliffe Newspapers Group, one of the largest regional newspaper proprietors in the UK.

Write in confidence, indicating current earnings, to: A B Thompson, FCA, Financial Director, F. Hewitt & Son (1927) Ltd, St George St., Leicester, LE1 9FQ

Leicester Mercury

Group Compliance Officer

City **To £45,000 + car**

Our client is a major City investment management house, a market leader, highly regarded by major institutional and private investors both in the UK and overseas.

The appointee will join the Board of their Corporate Services Division to whose Managing Director he/she will report. The role entails total responsibility for the Group's operational, financial and ethical compliance requirements. This will be a very important role during a time when the Group is poised for a further period of substantial growth.

We seek a high calibre, highly motivated Chartered Accountant with ten years experience at least two of which will have been in the compliance function. Benefits include car, profit share and non-contributory pension scheme.

Please write with full career details, quoting ref BH.861 to Tony Burden, EAL International Ltd., 18 Grosvenor Street, London W1X 9FD.

EAL

Financial Controller

Strategic involvement across the business
Negotiable package c.£25,000 + car
North West

With an impressive record of continuous growth and a strong position in several market sectors, our client is a world leader in the production and world-wide marketing of speciality chemicals used for a wide range of applications. As part of a major international Group, the company can offer a stimulating environment to those looking for their first senior management post.

In this position, which has arisen due to promotion, you will work closely with the Managing Director and other members of the senior management team in determining the direction of the business as a whole; you will also ensure that effective systems are available for financial planning and control, with special emphasis on cost control and ad-hoc evaluation projects, including liaison with the American sister company.

You should be qualified and have several years' experience in an industrial manufacturing environment. Your ability to work at senior management level and quickly grasp broad business issues will be coupled ideally with micro-computer familiarity and a strong degree of self-motivation.

Salary is supplemented by bonus and company car together with other large company benefits. In addition there are the type of long term career prospects synonymous with an organisation with substantial international interests.

Call Bill Cogle on 061-834 4191 (office) or 0484 655937 (evenings 7.30-9.30); or write to Austin Knight Selection, Ref: P175, 98 King Street, Manchester M2 4WD.

Austin Knight

LONDON

c.£32,000 + BENEFITS

Corporate Controller

J H Dewhurst is the UK's largest meat products retailer, with over 4,000 employees and 1,200 outlets. Exciting current developments include a restructuring of business operations and diversifications into new areas including the retail video market.

Working closely with the Finance Director, you will take a key role in the further development of the business. Responsibilities will include assisting management in developing and enhancing profit centre performance, further developing management control functions, reviewing potential acquisitions and undertaking ad hoc projects on behalf of senior executives. This is a new position, offering tremendous scope for further development and career progression.

A qualified Chartered Accountant with at least 2 years post qualification experience, you will have management experience in a professional firm. You will possess strong technical and systems knowledge, good commercial awareness and a practical approach. Good personal communication skills and a mature and confident personality are essential to success in this demanding role.

Please send full personal and career details, in confidence to Mark Spickett, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5361/FT on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

UNIVERSITY OF BRISTOL

Financial Controller

This is a very senior appointment in the University and a commensurate salary, within the professorial range, will be offered. The Financial Controller will be responsible to the Finance Officer for

- maintaining sound financial controls, including effective accounting, budgeting and management accounting systems.
- managing the Finance Office.

The University has an annual turnover of £80 million.

Candidates must

- be qualified accountants
- have extensive management experience in the private or public sector
- be familiar with large-scale computer-based accounting systems.

For further details telephone Bristol 303136 (ansaphone after 5.00 p.m.) or write to the Personnel Office, Senate House, Bristol BS8 1TH. Please quote reference 57.

Closing date for applications 23rd April, 1990.

Group Chief Accountant

c £40,000 + Car

This client, one of the City's leading financial services organisations, is a very profitable, independent and well-focussed quoted plc, with a clear view of its markets and its corporate role.

They now wish to recruit a graduate Chartered Accountant aged 30-35, who has had 2-5 years responsibility for the Group Accounting activity at the centre of a major industrial or commercial organisation. A fresh mind is of more interest than previous experience in the City.

The inter-personal skills to manage a small group accounting department and an enthusiasm for providing technical leadership in resolving accounting and consolidation problems are essential. Experience should include hands on knowledge of mainframe based accounting systems as well as PC spreadsheet software. *Future prospects for a successful Group Chief Accountant include* Financial Controllerships of business units. Location – City.

Please apply in confidence quoting Ref L440 to:–

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Exciting Venture in the Leisure Sector

SENIOR FINANCIAL ANALYST

London **£27-32,000 + Car + Bonus**

Capitalised in excess of £1.0 billion, our client is both ambitious and technologically innovative. They are poised to add a revolutionary dimension to an industry currently undergoing rapid transformation.

As a key member of the Finance Department, reporting to the Financial Planning Manager, you will be highly instrumental in providing and communicating vital financial information that will help shape the future of this developing business.

In addition to your involvement in some of the broader planning issues that will affect the Company, the key areas of responsibility will be:

- to maintain and continually develop the Company's financial planning *computer model*, both through an appreciation of the Company's operational plans and understanding the requirements of shareholders and bankers
- to assist in ensuring that the financial model is an accurate representation of the Business Plan
- to play a leading role in co-ordinating the compilation of the Company Business Plan.

It is most likely (although not essential) that you will be a Qualified *Accountant; however you should be able to demonstrate an accounting* background that includes specific planning or financial analysis experience in a large, preferably rapidly growing company.

You will be thoroughly experienced in the use and development of computerised financial modelling tools, ideally familiar with spreadsheets and have an interest in keeping abreast with the latest developments in computer hardware and software.

While responsible for the detailed financial planning aspects of the role, you will also be commercially minded in appreciating the broader issues.

Interested individuals should contact Danny Gompes on 01-491 3431 or write to him at *FMS, 14 Cork Street,* London W1X 1PF enclosing a recent CV and note of current salary.

F M S
Search and Selection Specialists for Financial Management

UK TAX MANAGER

£40,000 Package + Car
S.W. London

Our Client, part of an international "Blue Chip" Group, is a highly successful company within the computer and information systems industry.

An excellent opportunity exists for a young UK tax specialist to assume responsibility for all UK related issues and to increasingly support the Worldwide Tax Manager with international tax affairs. Ensuring Group Compliance, minimising tax liabilities and advising on VAT and employee related issues, this role offers enormous scope for development and genuine promotional prospects exist.

Aged 28–40, you should have a recognised Accountancy/Taxation qualification with *at least* 3 years' PQE. A full understanding of all aspects of taxation is essential as are effective communication skills and a practical approach to problem solving.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 01-853 4009. Alternatively, fax your details on 01-836 4942.

ROBERT HALF
LONDON

Financial Recruitment Specialists
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GROUP CORPORATE TREASURER

West London c£50,000 + car & benefits

Our client is a major International group in the construction industry with a wide range of related services; the turnover has grown rapidly and now exceeds £1.25 billion. A Group Corporate Treasurer is now sought, to be responsible to the Group Finance Director.

In the context of the decentralised group structure the key responsibilities will include:

- the further development and control of a broad range of sophisticated treasury operations
- monitoring, coordinating and reporting on group cash and credit resources through integrated financial controls
- maintaining cordial relationships with bankers and professional advisors, and participating actively in the planned development of the Group.

Candidates, graduate accountants, lawyers or bankers, should have wide treasury management experience in a major group with international operations, preferably in the construction industry. They should have *good communication skills with the* confidence and presence to make a strong impact on senior group executives and at external meetings. The right person could expect to achieve real career progression in *this dynamic group*.

Please write in confidence with full career and salary *details*, quoting *reference M8265* to John Hills.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Our client is a leading UK-owned investment banking and venture capital group. They are well established with offices in Europe and the USA, and now wish to recruit a

DIRECTOR OF FINANCE AND ADMINISTRATION

This is a new post which reflects the need to develop the present reporting control and administration procedures as their rapid growth continues. The successful *individual will* work closely with the Chairman, Directors, Investors and overseas offices. He or she will run a small department.

The relevant background includes

- qualified ACA (or ACIS if highly relevant experience)
- successful working in a smaller company or professional practice
- knowledge of the financial services industry
- ideally offshore tax and general corporate legal work
- a mature but quick-minded individual (probably aged over 40)

Remuneration will include a salary of up to £45,000 plus a car and normal benefits. The post is located at the Group's headquarters in the West End of London.

If you match this experience, please write in complete confidence to David Thompson, *Managing Director,* Haymarket Consultants, 1 Golden Court, The Green, Richmond, Surrey TW9 1EU.

HAYMARKET consultants
A specialist division of Korn/Ferry International

CORPORATE STRATEGY/ ACQUISITIONS

24-27 years – Knightsbridge

Bowater Industries is a leading UK industrial plc, with a worldwide turnover in excess of £1 billion. It comprises four divisions: Print & Packaging, Coating & Laminates, Building Materials, and Australia. Its company culture is open and entrepreneurial.

Recent internal promotions have generated the need to augment the Corporate Planning team with the appointment of two outstanding individuals. *Working in a small, multi-*disciplined team which reports to the Chief Executive, the appointees' briefs will include acquisitions and disposals, and the development of strategy at all levels.

Successful candidates will *have high* intelligence, good interpersonal, analytical and numerical skills, be articulate, self-starting, and able to deliver high quality work on time. In addition, candidates should have an excellent academic record, and

EITHER be a high calibre ACA;
OR have consultancy, marketing or similarly appropriate commercial experience, and perhaps an MBA degree.

The rewards include an attractive remuneration package, together with a company car. In addition, these positions offer exceptional exposure to top management and the *opportunity to move subsequently into line management.*

For further information contact *our recruitment advisor,* Brian Hamill on 01-287 6285.
Alternatively, forward a brief resumé to: Brian Hamill, Director, Walker Hamill,
Financial Recruitment Consultants, 29-30 Kingly Street, London W1R 5LB

BOWATER

Finance Director

Waste Management
Up to £45,000 + *package*
North West

Our client is at the forefront of the UK waste management industry. In the *current strong climate of legislative* change and environmental concern the company is expanding rapidly. A Finance *Director is now sought who can help* manage and control the growth process and encourage further development.

You will be *responsible* to the Chief Executive for maintaining high standards of control and prime responsibilities will include financial and management accounting, strategic planning, treasury management, computerised information systems, acquisitions, liaison with financial institutions and budgetary control.

You will be a qualified accountant, ideally aged 30-40 with at least 5 years experience at a senior level following a *good career progression. You will come* from a manufacturing and service industry background with multi-site *experience, preferably with some* involvement in contracting. You will be an individual with good human resource management skills, *highly developed* analytical and interpretive skills and a "hands-on" approach.

An attractive *package, reflecting* the importance of the position, will be available including an executive car and the usual benefits associated with an appointment at this level.

Please apply in confidence enclosing a full CV and current salary details quoting reference MCS90/25 to
Carol Sutherland
Executive Selection Division
Price Waterhouse
Management Consultants
York House
York Street
Manchester M2 4WS.

Price Waterhouse

International Group Auditor

West Midlands base

To £27,000 + Car

With worldwide sales of $1.7 billion this US owned Group now generates 50% of total sales through 20 distinct operating divisions across 14 European countries.

As well as being involved in the review and appraisal of European company systems, procedures and controls the Internal Audit team provides an in-house consultancy service in a variety of areas to support the Groups ambitious growth plans.

The Internal Audit team now requires a qualified accountant possessing knowledge of manufacturing and sound commercial judgement to ensure methods and controls support the Groups business objectives. Experience of an international environment, preferably with a US multi-national would be ideal but is less important than technical and interpersonal skills and ambition to progress further within the Group. Although primarily working with UK Group companies the international nature of the role will entail significant European travel.

Applicants, male or female, should write with full career and salary details quoting reference B3179 to:

Gary Birney
Mason & Nurse Associates
126 Colmore Row
Birmingham B3 3AP
Tel: 021-236 0066
Fax: 021-200 1637

Offices in London, Birmingham & Egham

Mason & Nurse
Selection & Search

TRUST ACCOUNTANT

C. £22,000 + Full Banking Benefits

Baring Brothers Trust Co., Limited, seeks a Trust Accountant to head the Accounts section of the company.

The ideal applicant would probably be in his/her mid-twenties and currently managing or assisting the manager of a similar operation in a Trust Corporation, Solicitors or Accountants office. It is envisaged that he/she will be familiar with all aspects of trust accounting, general book-keeping practices, capital gains tax and have a good knowledge of computerised accounting techniques.

An ACIB qualification is desirable, however relevant experience is of greater importance and it is hoped that the successful applicant will develop a career within a small, flexible trust management team.

An excellent remuneration package is offered, which includes a subsidised mortgage.

Apply in writing with a full C.V. including information as to current employer and salary details to:
Lyn Townsend,
Personnel Manager,
Baring Asset Management Limited,
155 Bishopsgate,
London EC2M 3XY.

BARING BROTHERS TRUST CO., LIMITED

c£35,000 p.a.

Financial Controller and Finance Manager Subsidiary Co

Southern Home Counties

FMCG/£300M T/O UK subsidiary of blue chip multinational, the brand leader in its field

You are a graduate Chartered Accountant aged early 30's with highly developed technical skills and good quality commercial experience, ideally gained in an FMCG environment strong in both manufacturing and marketing. Reporting to the Finance Director, you will be responsible for all divisional and corporate financial reporting, statutory accounting, internal controls, systems development, legal, property, company secretarial services and treasury functions. Additionally, YOU WILL ACT AS THE FINANCE MANAGER OF A SUCCESSFUL SUBSIDIARY £15M T/O JOINT VENTURE. Obvious personal attributes are commitment, integrity, balance and judgement. Benefits include contributory pension, car, medical/life cover and relocation.

Please write in confidence enclosing a full curriculum vitae and notice of current salary, quoting reference GF021, to Mark Lockett.

GREYFRIARS
A Member of the Guidehouse Group PLC

11-12 CLIFFORD STREET,
LONDON W1X 1RB

SEARCH AND SELECTION CONSULTANTS

GROUP TREASURER

INTERNATIONAL ADVERTISING GROUP

Central London

c£45,000 + Car + Bonus

An exceptional opportunity has arisen within this top international advertising group. Respected as one of the market leaders, the organisation has built its reputation on providing a wide range of services, to a prestigious client base.

There is now an immediate requirement for an individual to establish their European Treasury function, reporting to the UK Group Financial Director and liaising with the Group Treasury Director based in the USA.

Primary responsibilities will include management of short-term multiple currency borrowings and investments, dealing in spot forward and option markets and controlling overall currency exposure in the light of overseas exchange control requirements.

The ideal candidate will probably be a qualified ACA or ACT with at least 3 years treasury experience. Working knowledge of US accounting procedures and a European language would be an advantage.

Interested applicants should telephone Giles Daubeney on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

FINANCIAL ACCOUNTING MANAGER

Basingstoke area

£30-£35,000 + car + benefits

Our client, a financial services group with total assets exceeding £365 million, is growing organically as well as from an injection of development capital. A reorganisation of the finance and accounting departments due to this growth has led to the upgrading of the role.

The Financial Accounting Manager will head up a team of between fifteen and twenty staff. Key qualities will be the ability to effectively manage and motivate as well as recruit for a planned increase in headcount. Sound technical accounting skills will be allied to a natural flair for man-management, which will be deployed across the company's operating businesses – life and pensions, unit trusts, investment management and mortgage finance. Reporting to the Financial Controller, he/she will have complete responsibility for the production of periodic and statutory accounts, regulatory compliance as well as the development and enhancement of manual and computerised systems and controls.

The position offers an immediate challenge as well as excellent prospects to qualified accountants within an ambitious and growing business environment. If you are interested in this position please write to James Forte at the address below, quoting reference 3360/3, with your present remuneration details and day and home contact numbers.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Financial Controller

South Africa

c £25,000 + Car + Benefits

Our client is an international market leader in the manufacture and distribution of high performance industrial products.

Due to continued expansion and their commitment to international operations, the group now requires an individual who will for approximately two years assume responsibility for the development of their South African distribution subsidiary's commercial and accounting systems.

Reporting to the divisional Managing Director and the UK based Group Financial Director, the candidate will be responsible for the production of management information including statutory accounts, monthly management accounts, business planning, treasury management and commercial reviews.

As your involvement and understanding of the business increases, you will be expected to assert yourself within the executive team, and head-up the envisaged negotiations leading to a full flotation on the Johannesburg stock exchange.

You will be a qualified accountant with at least 3 years' post qualified experience. This appointment is seen as an introduction to the group, leading to a senior management position on return to the UK. In the interim, the individual must have demonstrated the necessary maturity and self confidence to control this autonomous overseas subsidiary. In return, the company offers the above prospects as well as the ability to accumulate capital whilst experiencing an exceptional standard of living.

Interested candidates should apply to
Oliver Howl BSc, ACA at Michael Page Finance,
Bennetts Court, 6 Bennetts Hill,
Birmingham B2 5ST or telephone
him on 021-643 6255.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

A Finance Director who knows the answers

East Midlands

c£35,000 + car + benefits

Our client, a leading fmcg subsidiary of a multinational blue chip company, needs answers from an outstanding Finance Director whose financial expertise complements excellent personal skills and who possesses that rare talent for identifying imaginative but practical solutions.

Consider what out client offers. Opportunity, in a word. The opportunity to play a key role in the management team as it controls change in a fast moving environment. You'll motivate a department of over 40, design financial strategies, analyse product viability and present effective management information.

Joining will not be easy. You'll need to be a qualified accountant, probably aged 27-38, with a high flier's track record — ideally including fmcg experience — and impressive personal skills. Career prospects are excellent and benefits include bonus and relocation.

Interested in asking questions? Then send full details to:
A.L. Bott,
Managing Director,
Anderson Smith Management Personnel Ltd.,
50 Bridge Street,
Northampton
NN1 1PA.
Tel: 0604 34365 (24 hour answering service)

Anderson Smith
RECRUITMENT, SELECTION & SEARCH
LONDON, NOTTINGHAM, NORTHAMPTON

should start asking questions

MOSAIC
Investments plc

GROUP CHIEF ACCOUNTANT

BIRMINGHAM

C.£25,000 + car + benefits

Mosaic Investments plc is the holding and management company of a highly successful listed group, having achieved dramatic increases in turnover, profits and earnings per share in the last two years. This has been secured through a dynamic acquisitions programme and strong organic growth. The group is currently focused on five core activities ranging from traditional engineering to marketing services.

Plans for future growth indicate the need for a Group Chief Accountant to report directly to the Finance Director and take full responsibility for group accounting. This will include review of subsidiaries' performance, development of computer systems, and involvement in acquisitions work.

This role demands commitment and enthusiasm, with strong technical skills tempered by commercial awareness and a tactful approach.

The successful candidate will be a Chartered Accountant with post-qualification industrial experience, preferably in a group role, and probably aged under 30. Practical experience of consolidation work and computerised systems, including spreadsheets, is essential.

In addition to the attractive negotiable salary and benefits package this ambitious group can offer outstanding career prospects and a breadth of experience.

Applications, to include a comprehensive career resumé, should be sent to ***Leon Angrave, Finance Director, Mosaic Investments plc, 1 Birkdale Avenue, off Heeley Road, Selly Oak, Birmingham B29 6UA.***

ACCOUNTANT/CONTROLLER

LONDON BASED - GOOD SALARY + BENEFITS

We are one of the largest Brazilian banks and have been operating in London since 1970 as part of an international network providing a range of financial services to individual and corporate clients, and are seeking a professional to lead the accounting department of our branch, which has a staff of 32.

The selected candidate, who can be a part-qualified accountant, will be in charge of supervising and refining the generation of managerial, accounting and statutory reports required by the Bank of England, all of which are produced by our PC-based computer system. He or she will also be involved in the preparation and tracking of our budget and in the enhancement of our internal controls, systems and procedures, as the position encompasses the internal audit of the branch.

The ideal candidate will have:

- Good organizational skills;
- A practical understanding of PCs and data processing including LAN;
- A good track record in cost reduction and improved productivity of the work force;
- Familiarity with Bank of England reports.

Knowledge of foreign languages (Portuguese or Spanish) is a distinct plus.

Applications to be sent to Box A1476, Financial Times, One Southwark Bridge, London SE1 9HL along with resume, salary history and expected compensation.

Appointments Advertising appears every Wednesday and Thursday and in the International Edition only on Friday.

Britannia Airways Limited

Britannia Airways Limited, part of the Thomson Corporation, is the UK's largest leisure charter operator and the UK's second largest airline with a turnover of £500 million. Based in Luton, the Company was founded in 1962 and has an impressive growth record in this fast moving and highly competitive industry. Other Group companies include Lunn Poly, Horizon, Thomson Holidays and Portland Holidays.

Following internal promotion and in line with its current expansion, Britannia now wishes to appoint several key members to strengthen its finance team.

Accounting Systems Manager
to £35,000 + Car

Reporting to the Finance Director, you will be responsible for the identification, implementation and development of all finance systems; appraising potential investments and reviewing existing systems. This will involve extensive liaison at all levels within the Company but particularly with finance and system line managers. The ideal candidate will be either a qualified accountant with extensive systems experience or a business analyst who has developed sound system experience relevant to accounting systems.

Financial and Management Accountants
c£23,000 + Car

Responsible for the financial controls and management reporting requirements both within Britannia and up to Group level. This will include statutory reporting and tax matters, budgeting, forecasting, long range plans, strategic reviews and extensive liaison with non-financial management. You will need to work well under pressure as both Britannia's and the Group's reporting deadlines are very demanding.

These high profile roles will form an integral part of the financial management of the company and are fundamental to its continued success. Britannia will add £60m worth of aircraft to its fleet in 1990 and will continue to expand the fleet into the early 1990s.

Ideally, you should be qualified, aged 25-35 and able to demonstrate a proven track record within a commercial, engineering or service environment. Successful candidates will also be highly self-motivated and, in addition to their technical ability, will require considerable maturity and diplomacy to be effective.

Interested applicants should write enclosing a full CV to Helen Wallis at Michael Page Finance,
Centurion House, 136-142 London Road,
St. Albans, Herts AL1 1SA.
Telephone (0727) 65813.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Directors

Windsor **Birmingham**

c£40,000+Share Options+Car

Our clients are related companies engaged in the provision of leading edge broadcasting and telecommunications systems for both domestic and commercial applications. Backed by significant blue-chip investors, the business is growing at a rate of 300% p.a.

The **Windsor** appointment carries a *brief to implement* and *develop* comprehensive financial management procedures in a fast moving, high volume environment, which will be capable of controlling the business finances during a period of dramatic expansion.

The **Birmingham** business is in the early stages of a major capital investment programme. The Finance Director will be required to install the initial business systems, with emphasis on project cost control, and to contribute proactively to the overall development of the business.

Both positions represent an almost unique opportunity to play an influencial role at the start of a highly profitable, quality driven business.

Candidates, aged up to 40, should be qualified accountants of graduate intellect and general management potential, who can demonstrate breadth *of vision, mental agility* and well developed communication skills. A strong track record of "hands-on" financial management, in a quality sensitive, volume based environment, is essential.

Interested applicants should send a comprehensive curriculum vitae quoting reference 2620, to **Alan Dickinson ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Tel 01-831 2000.**

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Financial Controller

Acquisition orientated PLC
West End
c£35,000 + car

A highly successful medium sized group, this listed company has interests in both manufacturing and high technology sectors. Growth, both organic and through acquisition, has been substantial and is set to continue throughout the 1990s.

A Group Financial Controller is to be appointed to work closely with a small Head Office senior management team in the coordination and control of a decentralised group operating within the UK and through *overseas subsidiaries. Reporting to* the Group Finance Director, responsibilities will include *monthly* management reports, statutory accounts, taxation and treasury matters in addition to taking an active role in the successful integration of new acquisitions into the group.

Candidates should be graduate Chartered Accountants who have *gained* a minimum of two years senior line experience in a sophisticated Head Office environment, ideally within a PLC. Experience in computerised systems and in the *integration of acquisitions* would be especially relevant but, above all, we *are looking for a highly motivated* 'hands on' approach coupled with excellent communication skills.

The salary is generally negotiable and the benefits include a fully expensed car, pension and health cover.

Interested candidates should write, enclosing *a CV, and quoting ref* E/0054 to Christopher Bainton at:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

CAMBRIDGESHIRE up to £30,000 + CAR

Group Accountant

For a £75 million public group which has seen significant acquisitive expansion in the UK and Europe during the past year.

In this position you will report directly to the Group Finance Director with prime responsibility for consolidating the accounts of group companies. Beyond this you will have a wide range of responsibilities which will include enhancing systems, treasury and an active involvement in future acquisitions. The position therefore offers considerable scope for career enhancement.

A big firm qualified chartered accountant, you will be in your mid to late 20's with two or three years post qualification industrial experience. Technical *competence must be backed by considerable ambition* to make a wide impact in the business.

Résumés please, including a day time telephone number and an indication of present salary to David Owens, Coopers & Lybrand Deloitte Executive Resourcing, 43 Temple Row, Birmingham, B2 5JT, quoting ref: D340.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. *The two firms are to merge on 29 April 1990.*

Coopers & Lybrand Deloitte Executive Resourcing

Finance Director Designate

SEARCH AND SELECTION

Derbyshire — c£28,000 + full benefits

Our client, part of a major world-wide U.S. based corporation, is in the chemicals industry and has a U.K. *turnover in excess of £10m.*

At a time of considerable change coupled with the prospect of rapid growth the company seeks to recruit a commercially-minded Finance Director Designate who can make a major contribution operationally and strategically to *future success.*

Reporting to the MD, and with reporting lines to Europe and the U.S., the appointee will be involved in all aspects of financial management and administration from preparation through interpretation to action and must be capable of serving U.K. company interests whilst taking account of the implications for the corporation world-wide.

Candidates, qualified Accountants aged 35-50, will be familiar with all aspects of financial management and must have sound experience of a range of information support systems.

Personal qualities must include maturity, adaptability and a high degree of self motivation supported by initiative, energy and *commitment.*

To apply for this challenging role please send full personal and career details including current remuneration, quoting reference F/440/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

Ernst & Young

High Visibility and Broad Exposure

EXCELLENT OPPORTUNITY DURING PERIOD OF CHANGE

Central London **c. £25-30,000 pa plus car**

As a market leader in its sector, where it is well-known for variety and quality, this client is in the process of devolving greater autonomy to its business units. This will, in turn, lead to the reappraisal and redevelopment of many of the financial controls and reporting requirements.

Two young Accountants, who will report at a senior level, are therefore required. You will be responsible for:

- Man-management (including professional staff)
- Periodic/annual accounts and management reports
- Budgets and forecasts (P&L, Balance Sheet and Cash Flows)
- Liaising with operational management and external parties
- Advising on improvements to Accounting Systems
- Undertaking ad hoc investigations as required.

These are ideal opportunities for young Accountants to contribute to a period of positive development. You will be a self-motivated, qualified individual, with highly developed inter-personal and leadership skills, and the ability to adopt a 'shirt sleeves' approach as well as to step back and take the broader overview. Computer systems literacy is likewise essential.

Excellent opportunities for progression within the group exist in the medium term.

If you wish to discuss this opportunity further, please contact Shirley Knight, BA, MBA, ACMA on 01-491 3431 or write to FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

F M S
Search and Selection Specialists
for
Financial Management

Management Buy-In/Entrepreneurial Environment

FINANCE DIRECTOR DESIGNATE

North London/Herts **Age 27-33 yrs** **£30-35,000 pa plus car**

This recent Management Buy-In, which is supported by some highly respected names from the Finance world, is looking to achieve a substantial, but realistic, growth from its first year's turnover of c £6m to £15m in its third year. This growth would initially be generated organically, but the organisation is also actively pursuing an aggressive acquisition policy.

The *Finance Director Designate*, reports to the Chairman, and will be responsible for:

- Provision of financial analysis on reported numbers and current business scenario
- Contribution to the operational efficiency of the business through the provision of advice and recommendations
- Development of systems to ensure that as the company grows rapidly so does its financial controls and reporting
- Active involvement in the assessment of and negotiation with potential acquisitions and investment opportunities.

Additionally, you will be responsible for the finance function (7 staff), which is run on a day to day basis by a Financial Manager. Current financial control and reporting accuracy and deadlines are all of a high standard.

In order to perform and develop the above role, you will be a *Qualified Accountant, ideally, but not essentially,* with some commercial experience. In this dynamic environment the personal qualities of maturity, credibility and adaptability are *crucial. Finally, it is essential that you* are able to adopt a 'shirt-sleeves' approach, in addition to taking the wider financial overview.

If you are interested in discussing the above further please telephone Karen Wilson on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

F M S
Search and Selection Specialists
for
Financial Management

Treasury Accounting Manager

Midlands

Bass

to £29,000 + Car

Bass Plc is one of the UK's largest groups with extensive international interests in brewing, drinks, pub retailing, hotels, restaurants and leisure. Group revenues now exceed £4 billion and with income generated in over 20 currencies, the central Group Treasury function has an *increasingly complex and crucial role to play.*

A young qualified accountant is now sought to work with the Treasurer, developing and managing accounting and reporting systems to support Bass Treasury Operations worldwide. This will include systems to monitor non-sterling assets and liabilities; interest and foreign exchange exposures; and advising on the impact of new funding proposals. This is an outstanding opportunity to gain a *thorough understanding of international* Corporate Treasury and provides excellent promotion prospects.

You should ideally be a graduate with 3-5 years post-qualifying experience gained in an international environment. An understanding of foreign currency and exchange issues is desirable but previous direct treasury experience is not essential. You should be computerate and have a strong intellect coupled with good communication skills, and a well developed business perspective.

Interested applicants should write enclosing full CV quoting Ref: 399 to Barry Ollier, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel. 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Group Controller

Dynamic acquisitive group seek very ambitious accountant

LONDON

c.£45,000
Plus Car
Plus Benefits

A successful company, poised to take a significant market share within the Leisure business, this quoted PLC is managed by a success orientated small team of key executives.
Reporting to the Financial Director you will be expected to undertake all group financial matters including the creation and implementing of financial controls and systems to optimise financial and operational performance. You will play a role in strategy formulation, the acquisition process and investment appraisal.
You must be:-

- intelligent, ambitious and able to work in a fast moving, unstructured environment
- a qualified accountant with the business skills to devise and introduce appropriate management reporting disciplines
- aged 30 plus, a decision maker with personal charisma to help lead and develop a team

This is an excellent opportunity for commercially orientated accountants who want to learn and "go places" quickly. Future prospects are outstanding for the achievers.

Interested candidates should write in confidence to Nicholson International (acting consultants), 142 Buckingham Palace Road, London SW1W 9TR quoting reference 9095, or fax details on 01 823 6835 or call directly on 01 730 8910 for an initial discussion.

NICHOLSON INTERNATIONAL

Multi-national Manufacturing Group

CHIEF ACCOUNTANT

North West

c£35,000 + car + benefits

A major company with a worldwide reputation for excellence has identified the need to recruit a qualified accountant *to be an important member of the management* team at its principal UK manufacturing location.

Heading a department of over twenty staff you will report to the Finance Director and provide local management and regional headquarters with regular financial information. Emphasis will also be placed on asset *management, internal controls and development of* systems.

Ideally you will be a graduate, aged 30-35 with experience of US reporting and proven man-management skills gained in a dynamic commercial environment. You must have the ability to take on greater responsibilities in the medium term and be keen to build a career within a multi-national group.

The package, which could include relocation costs to an area within easy access of Cheshire and the North West Coast, is competitive and offers benefits expected of an enlightened employer.

Please write, enclosing a full career/salary history, and daytime telephone number, to John Sleigh FCCA *quoting reference J/898/F.*

Appointments Advertising

appears every Wednesday and Thursday , Friday (International Edition) for further information please call:

01-873 3000
Elizabeth Arthur
ext 3694
Nicholas Baker
ext 3351
Jennifer Hudson
ext 3607
Richard Huggins
ext 3460
Adam Futeran
ext 3559
Stewart Maddock
ext 3392

Finance Director

West Midlands c. £30,000 + Car

A major multinational industrial group has a small but fast growing distribution subsidiary, where turnover is expected to double in the next two years.

The Finance Director will join a young management team reporting to the Managing Director. His wide ranging responsibilities will incorporate accounting, credit control, sales administration and stock control, totalling 12 staff.

Candidates, probably in their late 20's, should be qualified accountants with industrial experience and knowledge of modern computerised systems.

Career prospects include promotion to sister companies, both in the UK and abroad.

Executive Selection Director
Nicholas Angell Limited,
11 Waterloo Place, London SW1Y 4AU.

FINANCIAL DIRECTOR

A European based International Company is seeking a Financial Director for their manufacturing facility in Lincolnshire. The successful applicant will have had a minimum of 10 years experience in the high volume manufacturing environment and is thus unlikely to be under the age of 35. A first class package will be offered. Please forward your C.V. which will be treated in strict confidence *to*

Box A1475, Financial Times,
One Southwark Bridge,
London SE1 9HL,
marked for the personal attention of the Managing Director.

Fast-growing niche retailer

FINANCIAL CONTROLLER

With main Board potential

North-West — **£30–40,000 salary package**
Age 27-35 — **Plus exec. car, options**

Already a major player in their field, this £50m t/o specialist retailer is developing an *increasingly prominent national presence. Exceptional entrepreneurial flair at Board* level, supported by a highly-motivated team of retail managers, has enabled them to maintain an impressive rate of expansion. This has now prompted the need for a strong Controller function to be established at their North-West headquarters.

A major systems project is under way which will provide active information transfer between their 70+ retail outlets and the centre. One of your early priorities will be to ensure that this project progresses successfully and that the benefits in management reporting are achieved as quickly as possible. In establishing improved reporting throughout the organisation, you may well need to strengthen your team; you will certainly need to "sell" the philosophy of tight financial management so that it is understood and put into practice at all levels. You will also play a very active part in supporting the Board in its strategic planning, which will continue to be imaginative and expansion-minded.

The essential requirement here is for a qualified professional with a strong track record in financial control and systems development. Experience of retail is not essential, but is obviously an attractive bonus. The company culture is hardworking and stimulating; success is well rewarded and, in this case, it is hoped will lead to a main Board appointment.

Please apply to our Manchester office, where your contacts are Dudley Harrop or Karen Travis. **Ref. M344**

ASB
Amethyst House, Spring Gardens,
Manchester M2 1EA **Tel: 061-834 0618**
Fax: 061-832 9123
Also at: Birmingham, Leeds, Liverpool, Nottingham and Swindon
ASB RECRUITMENT LTD A Division of ASB Barnett Klesinge Plc

AMBITIOUS YOUNG ACA/ACCA
CORPORATE ROLE
INTERNATIONAL LEISURE/PROPERTY

MIDDX ***TO £27,500 + CAR + BENEFITS***

Our client, an international plc with diverse interests in leisure and property, has grown significantly both organically and by acquisitions over the last 2 years. Turnover is now approaching £200m, and the group is very profitable. They seek to appoint a young ACA/ACCA with 1-2 years post qualification experience to a newly-created corporate role.

The position is wide-ranging and covers corporate and operational plans, acquisitions analysis, monitoring of subsidiary companies performance, treasury, and the development and enhancement of group reporting systems. This is an excellent springboard position for an ambitious young accountant to move on within this dynamic plc group.

A highly competitive package is on offer, with a full range of benefits. Applicants should forward a comprehensive CV with covering letter to Anthony D. Payne at:

A M S
APPLIED MANAGEMENT SCIENCES LTD
26-28 Bedford Row London WC1R 4HE
Tel 01-405 4571 Fax 01-242-1411
Management Search and Selection

INTERNAL AUDITORS
BANKING

An international Bank with offices in 73 countries is further expanding its Head Office Audit Division and invites applications from newly qualified Chartered Accountants and Chartered Finalists of no more than 30 years of age, preferably with some bank audit experience.
The applicants should be prepared to travel *both within the U.K. and abroad.*
Competitive remuneration package commensurate with qualification, age and experience will be offered.
Applications with full C.V. should reach the following address by 28th February, 1990:

A. R. Khan
Central Audit Division,
Bank of Credit and Commerce International,
100 Leadenhall Street,
London EC3A 3AD.

Sun Valley

RIPE FOR SUCCESS!

HEREFORDSHIRE — **ATTRACTIVE PACKAGE**

Sun Valley Poultry, wholly owned by Cargill Inc. USA, and market leaders in their field, are eager to strengthen their accounting team with Qualifieds/Finalists due to continued expansion.

If you possess a high level of technical competence, are achievement orientated, enthusiastic and have previous man-management exposure then Sun Valley offer unparallelled career prospects in an exciting and dynamic environment.

For further information contact:
Accountancy Personnel
Trinity Passage,
Worcester
WR1 2PO
Tel. 0905 726427.

DIGITAL RESEARCH
EUROPEAN PERSPECTIVE

NEWBURY, BERKS — **To £25,000+Car+Relocation**

Operating in a fast-moving market, Digital Research has proved itself to be a world leader in PC operating systems and business graphic software.
Reporting on all European businesses as well as the UK, you will be part of a 'dynamic' finance department based at Newbury.
The position of Management Accountant is newly created and will particularly suit an ambitious, recently qualified (possibly Finalist) CIMA/ACCA who would enjoy an 'up-front' role undertaking a wide variety of management accounting and systems responsibilities.
So, to ensure your career progression has the advantage of our 'high-speed performance', simply ring for an immediate discussion!

For further information contact.
Accountancy Personnel
Brook House,
60-62 Northbrook Street,
Newbury,
Berks
RG13 1AH.
Tel: 0635 528626.

CONFIDENTIAL

GROUP FINANCIAL ACCOUNTANT

DONCASTER — **£NEG+BENS**

Due to expansion and progress our client, an engineering group, can offer an exciting role with enormous potential to a qualified, career minded *individual. As part of the management team you will require commercial* awareness and strong interpersonal skills.

In return for your commitment, a generous remuneration package is offered including attractive benefits.

For further information contact:
Accountancy Personnel
14/18 Prudential Chambers,
4 Silver Street,
Doncaster
DN1 1HH.
Tel: 0302 320723.

ap **Accountancy Personnel**
You don't just count you matter
Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

FINANCIAL CONTROLLER £30K + car

Our Client, a major contributor to the Leisure industry, is a progressive and dynamic organisation with interests in the UK and overseas.

They are committed to a programme of expansion and together with recent promotions from within, there are several opportunities within their finance Department for highly motivated and enthusiastic Accountants.

Reporting to the Finance Director, you will lead and motivate a team of 32 staff in the finance function who provide a vital service to the Client Group of Companies. In addition you will oversee the implementation of the new IBM based accounting system which will enable you to make a significant contribution to senior management decisions.

As a minimum you will be fully qualified with at least 5 years' experience. You will need excellent leadership and motivational skills allied with a strong desire to succeed at a senior level in a demanding organisation.

In addition to the excellent salary package, they offer membership of a health care plan, contributory pension scheme and a range of Company benefits associated with a large organisation.

To apply, please forward a current CV with a daytime telephone number to: "Financial Controller".

Management First Selection Limited, 9 Kingsway, London WC2B 6XF

Financial Director (Designate)

London SW1 — **c. £75,000**

Independent profitable manufacturing plc, market leader with £300+m turnover, seeks to create finance directorship, responsible to MD for all group finance functions in highly decentralised UK structure, with brief to keep pace with further growth and future information and control needs. Negotiable package includes share options, car, etc.

Candidates will be qualified accountants, probably graduates, aged say 35-50 who must, repeat must, have been directors or de facto deputies of demanding PLCs, with sound manufacturing experience. Acquisitions experience important.

For details, write to John Courtis FCA at 104 Marylebone Lane, London W1M 5FU demonstrating your relevance clearly, specifying salary, enclosing CV and quoting 7228/FT.

John Courtis & Partners
Search and Selection

JOHN ASPINALL PLC

Major sporting events specialists require a well qualified bookeeper.

Please contact:
The Secretary,
John Aspinall PLC.

Tel: 01-259 6473

Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.
InterExec not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job.
InterMex maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential Inplacement® Service.
If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

InterExec Plc
Landseer House, 19 Charing Cross Road,
LONDON WC2H 0ES.

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InterExec Plc

Senior Financial Managers

NEW TOP EXECUTIVE JOBS
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Connaught · Mainland

...le Row, London ...879 Fax 01-734 ...
22 Suffolk Street, Birmingham B1 1LS 021-643 2924

Hoggett Bowers

Financial Controller

Engineering
West Yorks, ***c £26,000, Car***

This £12m turnover private heavy engineering organisation based in West Yorkshire now have an opportunity for a qualified individual to control the financial aspects of this business. Reporting to the board of directors, you will be responsible for management accounts, financial accounts and the cost accounting functions of this growing organisation. Aged 30-40 years you will be ACA or ACMA qualified with several years of experience in an engineering based organisation. In addition your experience will embrace computer systems development, standard costing, stock and material control systems. On the personal front you are likely to be an instigator with flair and vision in this role which demands a strong commercial approach to finance together with strategic input to the company direction. Rewards and the prospect for advancement are excellent as are conditions of employment.

J. Bewley, **Hoggett Bowers plc**, *Bank House, 100 Queen Street,*
SHEFFIELD, *S1 2DW*, **0742-731241, Fax: 0742-731331.** *Ref: S11023/FT.*

Young Management Accountant

Tyne & Wear, ***c £20,000***

For an autonomous manufacturing division of a major UK group engaged in the production of high quality capital equipment which is supplied to home and international markets. With turnover exceeding £20 million and the unit poised for sustained growth, the requirement is for a first class accountant to financially manage the operation utilising sophisticated mainframe and PC facilities. Reporting to the general manager, responsibilities incorporate the preparation and interpretation of management accounting reports, the monitoring of working capital and costing information, the submission of annual budgets and monthly forecasts, and the continued development of the computerised accounting system. As the senior finance manager on site you will also input extensively into the operational management of the business. This is an outstanding career opportunity for a young, high calibre industrially experienced accountant, probably qualified, or nearing qualification, with proven ability in the field of computer based accounting techniques. Prospects within this most progressive group are excellent.

K.H. Thompson, **Hoggett Bowers plc**, *4 Mosley Street.*
NEWCASTLE UPON TYNE, *NE1 1DE*, **091-232 7455, Fax: 091-261 8438.** *Ref: N13145/FT.*

These positions are open to male or female candidates. Please send c.v. or telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST. ALBANS, SHEFFIELD, WINDSOR and EUROPE

Management Accountant

Telecommunications
c.£25,000 + Benefits

M4 Based

Our client is the Head Office of an internationally successful Group who are world leaders in mobile telecommunications. They develop plans and forecasts for new ventures, as well as provide core services, such as personnel, publicity and marketing, to the companies of the Group.

Part of a small team reporting to the Group Management Accountant, you will be involved in two main areas. You will prepare monthly management accounts, cash flows and profitability forecasts for the company and associate companies. Also, working with senior management and directors, you will prepare the business plans, budgets and forecasts for new projects within the UK and internationally.

This is a high profile position and it is likely that you will be:

★ CIMA/ACA qualified, with basic hands-on accounting experience within a commercial/industrial organisation.
★ Mid to late 20's, with excellent communication skills and the personality to fit into this dynamic organisation.
★ Familiar with computer systems and spreadsheets such as Lotus 1-2-3, and interested in developing their application.

In addition to an attractive salary and a range of benefits, this position will allow you to develop your career with one of the most rapidly expanding communication companies.

To apply, immediately call Alastair Woodward on LINKline 0800 269703 (weekdays 9.00 am-5.30 pm, Thursdays until 7.00 pm), or send your cv to Terry Bryant, LINK Management Selection, Link House, 5 Queen Square, Bristol BS1 4JQ.

LINK

ALPS
ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3576 Telex No. 887374

Excellent promotion prospects within this fast expanding group – either in the UK or overseas

DEPUTY GROUP CHIEF ACCOUNTANT

CENTRAL LONDON **c£37,500 + car + usual benefits**

MAJOR INTERNATIONAL DIVERSIFIED GROUP – T/O IN EXCESS OF £1 BILLION

For this key new appointment, we invite applications from qualified accountants, (ACA, ACCA), in their 30's, who must have had *at least 5 years' post-qualification experience, including 2 years in financial accounting or international audit within a major* commercial/industrial group. The successful candidate, reporting to the Group Chief Accountant, will be responsible for co-ordinating the consolidations of financial/statutory reporting from operations in Europe, USA, Far East and Near East, covering over 100 companies. Up to 30% away travel will be necessary. There will also be ad hoc projects, eg working as part of a team investigating (and integrating) acquisitions world-wide. Essential qualities include the ability to communicate effectively and easily with international subsidiaries, with a sense of humour in a pressurised and autonomous role. Initial salary negotiable, car, non-contributory pension, free life assurance, free BUPA and assistance with removal expenses if necessary. Applications, in strict confidence under reference DGCA 199/FT, by telephone on 01-588 3114 (daytime) or in writing, to the Managing Director: ALPS.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

DIRECTOR OF FINANCE

to £35,000

Location S. London **Car, BUPA + Bonus**

Our client is an ambitious, expanding, multi-divisional private company with a well-established market niche in the dynamic I.T. business and office equipment service sector.

The planned strategy, which indicates further profitable success, via both organic growth and acquisition, necessitates a strengthening of the management team in the key financial function. Reporting to the managing director, the incumbent, aged over 30, will be accountable and responsible for all computerised accounting, operational controls and costings, management reporting systems, budgeting and forecasting.

The candidate, an ACA or equivalent, with a practical competency (inc. Lotus 123) will be numerate and articulate, possess sound interpersonal skills and have some experience in acquisition evaluation, leasing and contract hire. It is envisaged that within two years, success will lead to promotion to the group board as Finance Director.

Applicants, confident of their abilities to meet this challenge, should write, quoting reference K71, and forward a full CV to Christopher King, the consultant advising on this appointment, at

Saffery Champness Consultancy Services Limited
Fairfax House
Fulwood Place
Gray's Inn
London EC1V 6UB

Saffery Champness Consultancy Services

DIVISIONAL FINANCE DIRECTOR

c£40,000 + car **Essex - M25/A12**

Macarthy PLC is a healthcare group engaged in the manufacture, distribution and retailing of pharmaceutical, medical related products and health foods in the United Kingdom. The Company aims to build a group comprising high quality businesses which are responsive to customer demands and have significant shares of the markets they serve.

To achieve this aim we now seek to appoint a high calibre individual to fill the newly created position of Divisional Finance Director - manufacturing and Agency Division.

Reporting to the Divisional Managing Director in close liaison with the Group Finance Director the appointee will take the lead role in maintaining and developing reporting systems, budgeting and forecasting and closely monitoring all commercial aspects of the development of the Division and its subsidiaries. In addition to the above the Divisional Finance Director will play a leading role in the planned upgrade and development of computerised Management information systems in the operating units.

The "hands-on" nature of the role calls for an energetic, qualified Accountant with manufacturing and distribution experience with an acute sense of commercial awareness.

Applicants should in the first instance forward a full C.V. to John Pollard, Personnel Director, Macarthy PLC, Della House, 33 Hockliffe Street, Leighton Buzzard, Beds, LU7 8EZ.

MACARTHY PLC

GENERAL MANAGER

Celtic Trees PLC is a young BES company in the rapidly expanding leisure sector. It's activities include Christmas Tree plantations, tree and shrub nurseries and two rapidly developing garden centres in the south of the United Kingdom.

The board has adopted a strategy for rapid growth and now seeks a numerate and dynamic GENERAL MANAGER with especial experience in retail selling and marketing. It is the company's policy to pay a very competitive salary together with a company car and the normal range of executive benefits.

Candidates should submit a CV by 28 February marked "Private and Confidential" to:

David A Jones
Company Secretary
Celtic Trees PLC
54 St James's Street
London SW1A 1JT

Celtic Trees PLC

INTERNATIONAL APPOINTMENTS

We are the Geneva based service company of a multinational financial group. Our field operation are mainly in Asia and Africa. We are looking for

PROFESSIONAL ACCOUNTANTS

to work in our Internal Audit Department.
The successful candidates will be required to:

- Perform operational and financial audit of banks and investment companies as well as the establishement in Geneva with minimum supervision
- Check the effectiveness of internal controls and recommend improvements as necessary
- Report and conclude on their findings.

These challenging positions will provide opportunities for development wihtin either internal audit or other departments in Geneva or abroad.

The candidates should have:

- A university degree with major in accounting or an accounting qualification
- At least 3 years auditing experinece in financial institutions or with an auditing firm
- The ability to communicate effectively in a multi-cultural organization.

Fluency in English is a must and good knowledge of Arabic or French would be an asset.

We offer competitive salaries and first class benefits. The positions are based in Geneva and travelling will be required.

Interested candidates of Swiss nationality or holders of a valid work permit, are invited to send their resume together with supporting documentation to

Dar Al-Maal Al-Islami (DMI) S.A.
Personnel Department
Avenue Louis-Casai 84
P.O. Box 161, 1216 Cointrin/Geneva

All application will be treated in strict confidence.

Financial Controller

Circa £25,000 + car **Midlands**

Mayne Nickless (UK) Limited is an established and progressive international service group with a UK turnover in excess of £55 million. Continuing plans for expansion have created the need to strengthen the management team by appointing a Financial Controller at the UK Head Office in the Midlands.

Reporting to the Director of Administration, you will initially be responsible for the day-to-day running of the finance team, covering all aspects of accountancy. As your skills broaden, so will your involvement in the strategic financial management of the group offering the challenge of a continually developing role.

This new opportunity will appeal to a qualified accountant with two to three years' post-qualification experience looking for the next career move with a major company. In addition you will need polished communication skills and the proven ability to manage, motivate and direct staff.

Rewards are excellent and a comprehensive benefits package includes car, assistance with relocation where appropriate and private health care. To apply please write with a full CV to our adviser, Mrs Dorothy Macrow, at the address below, quoting reference number C/178/FC.

MAYNE NICKLESS LIMITED

DCN Recruitment. Newman House, Northgate Avenue
Bury St Edmunds, Suffolk IP32 6BB. Tel: (0284) 701361

Are you over 45?

-and maybe a little disilusioned?

If you are a qualified accountant with a strong commercial background, preferably in a retail company or with a supplier to the retail trade, we may be able to offer you an escape from company politics and an opportunity to reap the rewards of your own efforts.

We are a small group of self-employed professionals (just 19 of us) carrying out a unique service for out clients, including almost all the country's leading retailers, reviewing for overpayments made in previous periods with fees based entirely on recoveries made. Amounts recovered are frequently very significant and after seven years' experience, we rarely now find a review is unproductive. It is challengingand rewarding work, sometimes frustrating, often fun! Average gross fees earned last year were over £50,000.

We currently have a specific requirement for someone resident in Central London. If you have the positive, lively, self-motivated approach necessary for this work, please send c.v. in confidence to Peter D. Brown, Lateral House, 61 Church Stree, Hungerford, Berkshire RG17 0JH

SENIOR MANAGEMENT ACCOUNTANT
HERTFORD BASED (with some travel)

This leading Home Counties multi-office chartered accountancy practice is about to embark on its next exciting development phase and wishes to appoint an ACCA/ACMA, aged 30-40, to this new post. Utilising a sophisticated computer system, duties will include:- production and interpretation of financial/management reports, cash management, planning and forecasting plus ad hoc assignments.

Reporting directly to the Operations Partner but requiring regular liaison with all offices, this very demanding role requires flair, computer literacy, excellent technical and communication skills and the capacity to work in a pressurised environment. A service industry background would be preferred. A highly competitive salary package is available. **Detailed CV's should be sent to:-**

Richard Wycherley (Ref: MA),
Group Personnel Partner,
Fraser & Russell,
Rigby House, 34 The Parade, Watford,
Hertfordshire WD1 7EA.

Fraser & Russell
Chartered Accountants

East Midlands International Airport

FINANCE & COMMERCIAL DIRECTOR

Salary up to £38,520 plus car

Applications are sought for this position from qualified Accountants, with financial and business planning experience in an operational environment, and ideally with experience and/or a keen interest in Commercial Development and Marketing. We seek an outgoing, socially confident individual who is able to contribute to the strategic management of the business.

The post-holder will be responsible to the Managing Director and the Board for the financial and commercial affairs of the Company and will be expected to take a leading role in the development and implementation of marketing strategy. He/she will take direct responsibility for the overall supervision and direction of the Finance, Commercial Development and Marketing Divisions.

Application form and further details available from the Personnel Officer, East Midlands International Airport plc, East Midlands Airport, Castle Donington, Derby. DE7 2SA (0332/852807).

Closing date for application is 7th March 1990.

APPOINTMENTS WANTED

F.C.C.A,
20 years in Africa, EEC, World Bank and other donor funded development programmes plus commercial organisation. Project management, planning, negotiations. Location immaterial as long as challenging situation with commensurate rewards. Available now for short or long-term assignments.

Write Box A1482, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCIAL CONTROLLER AUSTRALIA

*T*his young and fast growing Australian employment agency network (25 branches - 89 Turnover : 25 million US $) is the subsidiary of a leading European group in the field of personnel services (89 Turnover : 1.5 billion US$) operating worldwide

*W*orking alongside the Director General of AUSTRALIA and the Director of ASIA, the Financial Controller will be in charge of the financial and accounting management of the company.
Working with the Financial Controller from the European Head Office, he will also aim to improve reporting and control procedures.

A post qualified accountant, the ideal candidate will have at least 5 years experience of management control, or as the Financial Director of a medium size company, or of the subsidiary of a multi-national group, but in the service industry and a networking activity
A good sensitivity and organisational abilities will be essential for the setting-up of new structures.
Knowledge of French is a plus.

*T*his post will be based in MELBOURNE

*O*ur Australian project is yours - Your application should reach us before 28th February (handwritten letter, photograph and salary requirement), with the reference FCA marked on the envelope, and addressed to Miss Wendy FREE, 107 A Hammersmith Bridge-Road - LONDON W6 9DA (U.K.).